# The COMMERCIAL and FINANCIAL CHRONICLE

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#### EDITORIAL

## We See It

As Senator Fulbright's "study" of the stock market continues from day to day, allusions to the 1929 debacle are repeatedly heard, and questions as to whether the situation that has now developed is or is not similar to that of the earlier year are frequently raised. What the sundry politicians are apparently concerned with (at least in public) is whether another "bust" of the 1929 variety is in the making-with all the consequences associated in the public mind with it. In much that is said on the subject there is an apparent implication that the collapse of stock prices in October, 1929, precipitated the great de-pression of the early "Thirties and indeed was basically responsible for much of it. It seems almost certain that such is the assumption of a great many persons throughout the land, and that what is going on in Washington at this moment is strengthening this impression.

Yet this is clearly not the case, and widespread supposition that this interpretation of the events of that fateful year is correct could do, probably has done, and will continue to do serious harm. Economists and historians will probably continue almost indefinitely to argue among themselves about the direct, indirect and basic causes of the economic misfortunes of the great depression, but we can scarcely imagine any serious student of economic history defending a thesis to the effect that either the stock price level of early autumn, 1929, or the collapse of October of that year was among the basic causes of the disaster of the 1930's.

The record is clear beyond dispute. Between the end of the year 1920, and the end of 1929, more than 5,700 banks failed in this country, by

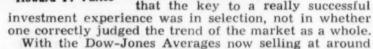
Stock Market Situation

By HOWARD F. VULTEE\* Vice-President, Marine Midland Corporation Administrative Vice-President, Marine Midland Trust Co., New York

Discussing background material relating to the stock market, Mr. Vultee lists as characteristics of past and present periods in the history of security markets: (1) Recklessness in 1928-29; (2) Disillusionment in 1929-32; (3) Safety in 1932-50; (4) Disillusionment in 1950-54; and (5) Renewed recklessness in 1954-55. Cites as a significant force in today's markets the increasing public awareness of our semi-managed economy and the public's confidence that a business "bust" is virtually impossible. Says government's "easy" money policy aided equity markets, and, in conclusion, views market pendulum turning in an opposite direction

went to some pains at last year's forum to point out that we are not here to make predictions or to indulge in a guessing contest as to the future level

of the equity markets. Rather, it will be our purpose to analyze many of the great forces at work as we did a year ago, at which time the analysis led the panel to the conclusion that stocks continue to represent good value and that the forces at work were so fundamentally strong that "it is only a question of time before the Dow-Jones Industrial Stock Average which currently stands at around 300 will be exploring the 400 zone." The panel further concluded that "the income return from common stocks will be very rewarding in the years ahead.' The panel also stressed the view



\*An address by Mr. Vultee at the Dean's Day Conference of the New York University Graduate School of Business Administration, New York City, March 14, 1955.

PICTURES IN THIS ISSUE — Candid shots taken at the Annual Dinner of the New York

Security Dealers Association at Hotel Biltmore appear on page 23-26 inclusive.

Continued on page 36

## Some Economic Issues Today —Including Stock Prices

By NEIL H. JACOBY\*

Dean, School of Business Administration University of California, Los Angeles

Holding common stock prices are not over-valued when measured by basic criteria, though investors in "blue chips" may have looked too far into the future, a former member of the President's Council of Economic Advisers discusses, in addition to current speculative excesses, the problems of maintaining high level of employment and of contributing to the Free World's prosperity without damaging our own. Discusses problem of guarding against speculative excesses especially in the stock market, without curbing investment unwisely.

Let us consider some of the major economic issues that have recently emerged, or which appear likely to emerge within the next year or so. I shall not

stop to analyze the current economic situation, or make a detailed forecast of events to come. I shall take it for granted that our country has resumed a general economic advance. Aggregate production, employment, and sales are in an ascending trend. The prospect is that this rising trend will continue in the coming months, and that 1955 as a whole will be a prosperous Those of you who wish to study the basis for this opinion will find it in the recent Economic Report of the President to the Congress.

Although economic prosperity is in prospect, this does not mean that we can wisely relax our vigilant

attitude toward the economy. Having within the past year negotiated a difficult and precarious turn-around from recession to expansion, by the skillful use of Continued on page 36

\*An address by Dean Jacoby, at the UCLA Business School Association, Los Angeles, Cal., Feb. 23, 1955.



Neil H. Jacoby

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(The articles contained in this forum are not intended to be, nor are they to be fegarded, as an offer to sell the securities discussed.)

HUBERT F. ATWATER **Five Stocks for Growth** 

The investor's question is, "What do I do now?" He has gone through the experience of seeing his purchase of the 1949 to

1950 period double and triplein value and the original anticipated income of 6% on his money increase materially. He is now looking for a place to make a new investment with safety and is not interested in a short

turn. The



Hubert F. Atwater

issues in the accompanying list have given a good performance in the immediate past and have well rewarded the stockholders. They can be bought today to afford an average yield of better than 3.80% or for about \$9,200 one could buy 40 shares of each of these five companies and have

an income of \$350.

Stock-	Price	Annual
American Cyanamid	49	2.00
American Gas & Electric		1.80
General Electric		1.60
Pennsylvania Salt	47	1.85
Tennessee Corporation	44	1.50
	230	8.75

American Cyanamid reached \$200 million volume in 1947, enjoyed a remarkable profit in the years 1950 and 1951 due to the introduction of a new drug and now is doing a volume of \$100 million quarterly. Since 1951 Cyanamid has expanded into thermoplastics, titanium, synthetic with concerns of international importance.

American Gas & Electric still ing electric generating enterprises adding 430,000 kw capacity in 1954 alone. Nearly as much will be required in 1955 and the end of the requirement of its territory is not in sight.

General Electric beside being the name of an entity is also a household word, it reaches and affects nearly everyone. Its president has stated that electric generating capacity would double in each succeeding decade and that ating equipment as it had installed in the past 75.

and paid \$1.85 last year. This ment, the M. B. Manufacturing the cash flow in 1954 is estimated dustries (20%). at \$6.95 per share.

quarter of 1955 which rate could knitted fabrics. be increased and the fact that the

Each of these companies has an Wood, Walker & Co., New York City established place in the econ-Member New York Stock Exchange omy, has made provision for substantial future growth and is a leader in its field.

Such expansion as has taken 759,000 in 1947 and 1948 respecplace in the last few years has tively, while net would have permitted these companies to keep pace with the demands of an increasing population but of were extraorginarily good textile equal importance has been the growth in the market for many products or devices which were unknown only a few years ago.

In this group we may find the type of investment for income and growth that the cautious investor is seeking.

MORTON GLOBUS

Market Analyst Dreyfus & Co., New York City Members New York Stock Exchange and American Stock Exchange

Textron-American, Inc. To understand the potentialities of this new company one must understand the potentialities of its leader. Textron's dy-

namic and aggressive Royal Little who started with \$10,000 borrowed capital in 1923 and on Feb. 24, 1955, wound up with control of a company which had over \$161 million assets and a net worth of over \$94 mil-



Morton Globus

lion. On that day Royal Little, Chairman of many thought was impossible with a net worth of about \$44 million and American Woolen and fibers and other activities, often Robbins Mills with a net worth of over \$89 million and total assets of \$116 million.

remains one of the fastest grow- tron - American, which ranks petitive but complementary. Each among the half-dozen biggest textile manufacturers, has produced an interesting situation.

Here is a company which has more than \$30 million tax loss carryover and working capital of \$52 million. Royal Little has announced his intention of purchasing profitable non-textile Textron-American's favorable tax engineering and greater profit and sales for its operations should be report earnings of \$2.85 for 1954 radar antennae and related equipstatement is certainly unromantic Co., a leader in its specialized pany's real accomplishments. It and vibration elimination equip-\$48 for each share of stock and to the furniture and mattress in-

sion has been financed out of rayon yarns which go into crepes, earnings. There is no debt. A satins, taffetas and marquisettes

sales of \$335,570,000 and \$340,- ciation.

This Week's Forum Participants and Their Selections

Five Stocks for Growth-Hubert F. Atwater, of Wood, Walker & Co., New York City. (Page 2)

Textron-American, Inc. - Morton Globus, Market Analyst, Drey-fus & Co., New York City. (Page 2)

equalled \$10.11 and \$10.34 a common. It is true that these years years but at that time the companies did not have any non-textile properties which toaay are earning substantial profits and if Royal Little's plans are fulfilled these earnings should be augmented by additional earnings from further non-textile acqui-

Capitalization consists of \$38,-070,000 principal amount of longterm debt; 652,219 shares of \$1.25 preferred, convertible into common on a share-for-share basis 26,635 shares of a series "A" and 88,578 shares of a series "B" 4% preferred, par \$100; and 2,889,014 common shares with a book value of \$23.45.

Textron-American's two major problems are the elimination of the unprofitable units of American Woolen and integrating t e three companies into one efficient organization. The former should be accomplished with the usual "Little" speed of dropping nonprofit making units and the latter was in the process of taking place even before the merger was accomplished by the setting up of Amerotron and Amwool, a joint sales and management organization and a joint factoring subsidiary respectively.

The merger should bring about strengthened and well balanced Textron Inc. accomplished what enterprise equipped to compete successfully in the highly commerger between his company, petitive textile industry. Textron-American's diversification in textiles is further emphasized by its diversification in non-textile com-

It is important to note that the The resultant company, Tex- merged companies were non-comoperation should be aided materially by combination with the others, bringing to each the advantages of broadened product lines, more efficient merchandising, coordinated manufacture and material savings from elimination of duplicating and overlapping Substantial functions. companies to take advantage of should be made in the fields of research and position. This could result in lower unit costs for combined General Electric would install in non-textile division which pro- through the centralization and the next 10 years as much gener- duced over \$4 million profit last unification of administrative, puryear and \$40 million in sales. chasing, planning, credit and re-These divisions consist of Dalmo lated management functions now Pennsylvania Salt will probably Victor, a leading manufacturer of carried on separately by the three constituent corporations

The textile industry is extremely cyclical. Losses of \$4.46, and conveys no idea of the com- field of aircraft engine mounts \$5.31 and \$8.74 per share were shown on a pro forma basis in reduced debt from \$5.3 million to ment and Burkart Manufacturing 1952, 1953, and 1954. Recently it \$3.8 million, it charged \$1.50 for Co., which makes batting, padding was announced that Textron's depreciation for every dollar of and upholstery filling products Inc., textile properties were opreported net, it had sales of about sold to the automobile (80%) and erating profitably. Prompt elimination of unprofitable units plus a cyclical upturn in the textile Textron - American textile fa- industry plus acquisition of ad-Tennessee Corporation is an cilities today can produce a wide ditional profitable non-textile important producer of sulphuric variety of fabrics ranging from companies could result in some acid, fertilizers and chemicals woolens and worsteds, synthetic startling earning figures which used in the manufacture of deter- filament yarns comprising acetate would be exaggerated by the nongents. Substantial plant expan- rayon, viscose rayon and nylon payment of taxes because of the \$30 million tax loss carryover.

Textron-American, whose comquarterly dividend of 371/2 cents and greige or finished combed and mon shares trade on the New has been declared for the first carded cotton cloth, and tricot York Stock Exchange at about 15, is highly speculative. However, The earning potentiality of if Royal Little is able to acstock was split two for one last Textron-American is large. On a complish his plans, the purchaser year indicates the possibility of a pro forma basis the combined of Textron-American shares could moderate stock dividend later in companies would have shown realize outstanding capital appre-

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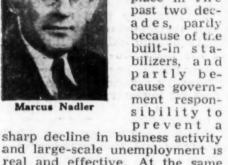
## What Can Happen in The Months Ahead!

By MARCUS NADLER\* Professor of Finance, New York University

Dr. Nadler, though stating that a major depression, such as occurred in the 1930's, is not likely, reviews current conditions that can bring about a recession. Says potential weaknesses exist in the automobile and home building fields as well as in the equity market. Forecasts for the second half of 1955: (1) a decrease in auto output and other durable consumer goods; and (2) a decrease in building activity, notably home starts. Says if excesses in home building and the stock market are not checked, there will later be a more serious decline in business. Concludes, however, economy is strong and, on the whole, healthy, though weaknesses exist.

war has proved conclusively that likely to take place in the second a major depression of the type half of the year, will have a farthat occurred during the 1930's is reaching effect on a number of

> partly because of the great economic and built-in stapartly be-



and large-scale unemployment is real and effective. At the same time, however, one cannot overlook the fact that a dynamic buyers. Veterans can buy homes economy is bound to have its ups and downs, that so far no ways and means have been invented to eliminate cyclical fluctuations, and that these are bound to occur in the future even though the country is in the midst of a rather rapid secular growth.

What are the facts? While the recovery that has taken place since the last quarter of 1954 is economy are sound, yet potential weaknesses exist in the automobile and home building fields and the equity market which could of 1955 or in 1956. cause considerable difficulties later on. The output of automobiles is running at present at the annual rate of about 8,000,000 passenger cars. The volume of sales also is substantially larger than a year ago. Yet everyone osts. This in turn will lead, unmargin of profits or an increase in prices. A downturn in automo-

Excerpts from a talk by Dr. Nadler at the 2nd Annual Dean's Day Homecoming Conference of the New York University Graduate School of Business Administration, New York City, March 12,

f

Experience since the end of the bile production, which is quite not likely, allied industries.

#### The Home Building Boom

The home building boom, unpolitical less checked, will continue for a changes that while and is bound to end in a have taken material decline later on. Buildplace in the ing starts in December 1954 and past two dec- in January 1955 were at an annual ades, partly rate of 1,500,000. The reasons for because of the the building boom are quite well known and are primarily the rebilizers, and sult of the Housing Act of 1954 and of the abundance of mortgage cause govern- money. In trying to explain the ment respon- continuance of the building boom, sibility to it is pointed out that upgrading of dwellings is taking place, that decentralization creates a new demand for homes, and that great inducements are being made by home builders to prospective with no down payments and with a mortgage of 30 years.

The above factors are clear. However, at the same time, the fact cannot be overlooked that family formation in 1955 may not exceed 650,000, that the market for older homes has deteriorated, and that vacancies in many parts of the country are increasing. If the present building boom conhealthy and the underlying eco- tinues, it is bound to come to an nomic forces operating in the end sometime toward the end of the year and a serious readjustment in home construction may take place either toward the end

#### Stock Market Prices

The movement of equity prices injects an added element of uncertainty. It is not a question whether, the prices of specific equities are too high or too low. knows that the current rate of What is dangerous is the fact that output and of sales cannot be many individuals are being drawn maintained. Everyone knows that into the equity market who have serious labor disputes in the auto- no business buying such securimobile industry may develop. No- ties. Also, tips of the character body, of course, knows what the that prevailed in 1928-29 are beoutcome of such disputes may be, coming quite common. The vol-However, it is fair to assume that ume of security loans is larger these disputes will result in an than indicated by the regularly increase in wage and production published statistics and there are reports that many individuals are less accompanied by an increase borrowing on their life insurance in efficiency, to a squeeze in the policies in order to buy equities. The fact is that the volume of policy loans has increased from \$2,718 million in January 1953 to \$3,075 million in November 1954. How large the volume of loans made by commercial banks on Continued on page 32

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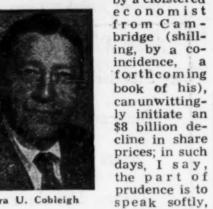
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## Some Notes Bearing On Clevite Corporation

Enterprise Economist

A swift appraisal of a company, geared heavily to the motor trade, which has made considerable progress in product diversification, and broadening the base for future earning power.



ing, by a coincidence, book of his), prices; in such days, I say, the part of

and to confine security discussion to such issues as may not have been carried, in the late bullishness, to dangerous chosen for today's brief and somewhat sketchy dissertation - Clevite Corporation.

Here is a company whose shares have definitely not been nudged to any dizzy market peak; a comlion for 1954, and whose per share net dipped to \$1.33 last year, against \$1.77 in 1953. These considerable slippages now recorded, and the earnings trend during most of 1954, were not exactly calculated to cause any frantic bidding up in CGH common. But because they are now over and past, and because the management well for the longer range future, it may be that now is an appropriate time for some reappraisal of the values, present and prospective, inherent in this equity.

as a producer of automotive bush- product research. ings and bearings and became a prosperous leader in that field, company diversity will give you Six years ago, however, the man- some idea of the fields entered. agement felt that greater diversi- and the prospects in view. There fication was requisite for sustained stability of earning power; and today Clevite operates through six separate divisions.

Of these, the oldest, Cleveland Graphite Bronze Company, carryimportant, accounting for 60% of sales. This division turns out lined bearings, and was an aviation engines. Motor trade is nets, in time. by far the largest, and Clevite has but Chrysler sales have been turn- (when this was written) at 20%. ing up sharply in 1955. Other This outstanding stock total repre-

In these vernal days of volatility bearing and bushing customers inand volume on our major stock clude the aircraft, farm equipexchanges, days when crinoline- ment, electrical and railway minded Congressional comment equipment business. Also included by a cloistered under Clevite Graphite Bronze e c o n o m i s t operations is Clevite Service which from Cam - handles most of the automotive bridge (shill- replacement business which is growing substantially.

Harris Products Company diforthcoming vision produces rubber bushings, vibration mountings, spring shackcanunwitting- les, and rubber-and-metal bearly initiate an ings. This last item has gained \$8 billion de- new importance due to latest aucline in share tomotive engineering design for front-end suspension. Harris now supplies perhaps one-half of Ford's requirements rubber-andprudence is to metal front-end-suspension units; and some items for Chevrolet. Harris delivers around 5% of total company sales.

A division moving ahead in the magic field of electronics is Brush heights of price vulnerability. An Electronics Company, producer of issue rather fitting into such a strange sounding items called piedescription is the common stock zoelectric crystals, magnetic reproducing and recording equipment, acoustic products for microphones, hearing aids, phonographs, and underwater sound detecting equipment. A high percentage of the Brush division is pany whose sales fell off \$11 mil- defense business for government account, including torpedoes and electronic control items. Brush turns in nearly 20% of Clevite

There is also a transistor company, Transistor Products, Ltd., acquired in 1953 which should work in harmony with Brush Electronics Division especially at the research level. Present prodhas taken certain steps auguring ucts of this division include diodes and transistors.

Two other divisions remain to be cited: Clevite Ltd. to develop and expand the Canadian bushing and bearing market; and Brush Clevite Corporation started out Laboratories devoted primarily to

This rather brief cataloging of is much corporate assimilation yet to be done in connection with some of these new acquisitions; and it may well take a little time before divisional earnings get big enough to expand stockholders' ing on the original business of the dividend checks. But cold apcompany, continues to be most praisal would suggest that a company that could bulge total sales from \$9 million to \$70 million in 14 years (1939-53) will be able to early developer of thin wall bear- translate a program of judicious ings for cars, trucks, diesel and expansion into fatter per share

traditional supplier to anced; \$13 million in notes (serial some thought might be given to The sales slowdown in Chrysler preferred and 1,799,652 shares of last year was a blow to earnings, common, listed NYSE and selling

sents some flowering of stock dividends, a 2 for 1 split in 1935, 1947 and another (2 for 1) in 1953. The stock looks as though it would retain \$1 regular as a dividend; and long view prospects suggest a capacity to increase cash distributions.

Stepping back to view the whole enterprise, we may perceive that Clevite has slowly worked away so that the automobile bearing business has dropped from 75% somewhere around 50% of Automobile business for Clevite should be much better this year than last; so larger divisional sales seem predictable. The electronic section has a chance to move ahead rapidly, and automotive replacements are moving ahead (as a percentage of company sales). Replacement business generally carries a higher percentage of profit than do new products.

Something should be said about balance sheet position—it's excellent. Since Dec. 31, 1947 net working capital has moved up steadily each year from \$7.4 million (1947) to \$11.3 million in 1950 and \$31.4 million at the 1953 year-end. It's about that right now; and that's pretty good as Clevite has just completed its major expansion program involving capital outlays of \$4.4 million in 1953, and \$3.6 million in 1954. Inventories were trimmed during 1954 by \$33/4 million. Altogether here's a financial house apparently in fine order.

Now Clevite is not a company likely to make a dramatic upsurge in earning power in the immediate future, but it is setting the stage whereby annual earnings of above \$2.50 should be created, with a corresponding elevation in dividends. While we're on that subject, Clevite has been a pretty durable dispenser, paying cash dividends in every year since 1922 (plus stock dividends above noted) -a record many better known companies would no doubt envy. Over the years, corporate practice has been to distribute half of net and reinvest the other half; but the 1954 earnings slippage made the \$1.15 in dividends paid about 85% of net.

From a main plant in Cleveland, and six others in the Middle West, plus one at St. Thomas, Ontario, Canada; and from licensees turning out bearings in Germany, England, Brazil and Australia, Clevite offers its wares over a broad section of the world.

Assuming continuance of the \$1 dividend (and without allowance for any cash extra) the yield at 2034 is almost 5%. Considering the long and successful business life of Clevite, its progressive management; its quite recent entry into promising new fields; its possible further expansion into perhaps titanium, artificial quartz, and automation electronics; its sound financing and entrenched balance sheet position; and its Capitalization is rather bal- brightened sales outlook for 1955, Chrysler and Ford on new cars. 1955-71), 58,876 shares of 41/2% its common stock at current levels, well below the high, and only 21/2 points above the low of the 1954-55 period.

And as a parting (and quite unrelated) remark, may I offer this slight reassurance to equity lovers and followers of the Senate Stock Market inquiry. Did Professor Galbraith know that 50% of the investments of the President and Fellows of Harvard College are in common stocks? And did he suggest to the supervising firm of investment counsel that these shares should be liquidated due to the hazardous altitude of the present market? Point of order, Mr.

And, oh yes, CGH, which I started to talk about, is a common stock, listed on the New York Stock Exchange. A \$12,000 commitment here would require 60% margin, \$7,200. A \$12,000 house can be bought on a 10% margin, \$1,200. Are there any questions?

## The State of Trade and Industry

Steel Production Electric Output Carloadings Retail Trade Commodity Price Index Food Price Index Auto Production Business Failures

Total industrial production for the country-at-large during the period ended on Wednesday of last week showed little change as cuts in some lines had the effect of cancelling gains in others, Over-all output, however, continued approximately 7% above the figure of a year ago.

The latest information on unemployment insurance claims reflected a nealthier economy than existed a year ago. The week ended Feb. 19 marked the fourth consecutive week in which continued claims declined; they were 3% below the prior week and 17% below the same week in 1954. Initial claims in the week ended Feb. 26 (down 10% from the preceding week and 25% from the 1954 comparative) were at the lowest weekly level since October, 1953. Improvement in the textile, apparel, and construction industries contributed significantly to the low level of claims.

Industrial production in February climbed to the best level since October, 1953. Output of the nation's mines and factories ran at 135% of the 1947-49 average, the Federal Reserve Board stated. This was four points higher than the 131% pace set in January. It was nine points above the 126% rate of February, 1954. Production continued to rise in March, the board added, with steel output close to the record levels of early 1953.

Growing strength of the steel market is forcing more consumers to step up their pitch for mill position. Evidence is increasing that some are lower on inventory than they care to admit, "The Iron Age," national metalworking weekly, states this week. Meanwhile, the rising ingot rate indicates final March figures will be within sight of the 10,000,000-ton mark.

The spiraling trend of consumer buying has caught even some optimists off guard. A large Midwestern producer of farm equipment was shocked recently to find his inventory running low. He had based his steel buying pattern on a fairly optimistic prediction of 1955 sales. Further, his dealer stocks are not heavy.

Last-minute discoveries of this sort are having a cumulative effect on pressure for mill deliveries and the scramble to get orders on the books. Producers are being bombarded with requests to take third quarter business. Some are accepting, while others are holding out so as not to shortchange regular customers, declares this trade authority.

An illuminating tip-off that some mills are fighting a losing battle to maintain delivery promises is the increasing number of consumers complaining that deliveries are as much as 30 days behind schedule. A few mills are asking customers for permission to extend deliveries on some products, including plates

The principal reason behind the big push for steel is the record-breaking pace of the automotive industry. The car-makers are pressuring the mills for deliveries. At the same time they are going after their parts suppliers, who in turn are compounding the problems of the steel companies, reports this trade weekly.

But despite all their efforts, the auto makers hav been running into spot shortages. This has forced them to buy small tonnages from other-than usual sources at premium prices.

While few actual deals have been made, interest in conversion is mounting. Conversion is a high-cost method of obtaining steel requirements. But it is the lesser of two evils when a consumer is confronted with the possibility of slowing his production lines or paying more to keep them running, "The Iron Aga" notes.

In the automotive industry, a two-pronged drive in both countries netted United States and Canadian vehicle producers their first 200,000-unit production last week since mid-year 1950. Counted by "Ward's Automotive Reports" the past week were 203,209 combined car and truck completions, which is 5.4% above last week and only a shade under the all-time United States-

Canadian record of 205,334 achieved June 19-24 in 1950. United States producers last week, the statistical agency said, scheduled 193,314 car and truck units for a 5.2% increase over the prior week and only 1.5% under the all-time June 19-25 peak of 196,348 set in 1950.

Sparking the gain was a 6% increase by General Motors Corp. to a new all-time record and a pull-out from model changeover in Chevrolet truck production, other producers holding steady. General Motors Corp., garnered 49.5% of the week's United States car output, followed by 25.3% by Ford Motor Co., 19% by Chrysler Corp., with the others taking 6.2%.

"Ward's," meantime, said passenger car output in Canada last week totaled 9,035 units to nudge the all-time high of 9,428 recorded Feb. 8-13 in 1954.

Ford of Canada, despite its recent 110-day strike, already is challenging Chrysler for the No. 2 spot in Canadian weekly passenger car output, while both General Motors and Chrysler persist at record rates.

Continued on page 33

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## Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Area Resources-Booklet on opportunities for industry in the Utah area-Dept. M., Utah Power & Light Co., P. O. Box 899, Salt Lake City 10, Utah.

"Brick and Mortar" Securities-Analyses in brief of Bing & Bing, Inc., Bush Terminal Buildings, City Investing Company, General Realty & Utilities Corporation, Hilton Hotels Corporation, Knott Hotels Corporation, Sheraton Corporaation of America, Statler Delaware Corporation, Tishman Realty & Construction Co. and Webb & Knapp, Inc .-Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

Canadian Letter-Fortnightly review of the Canadian Securities Market-Newling & Co., 21 West 44th Street, New York

Financial Facts and Comment-Weekly bulletin available to institutional investors interested in keeping in touch with the Canadian Bond Market - Gardiner, Annett Limited, 330 Bay Street, Toronto 1, Ont., Canada.

Insurance Stocks-Operating results for 12 months ended Dec. 31, 1954—tabulation—Blair & Co. Incorporated, 44 Wall St., New York 5, N. Y.

Investing in the Electronic Age-brochure-Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

Investment Opportunities in Japan-Circular-Yamaichi Secrities Co., Ltd., 111 Broadway, New York 7, N. Y.

New Share Offerings on the Japanese Market-in the current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

Over-the-Counter Index-Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period -National Quotation Bureau, Inc., 46 Front Street, New

Over-the-Counter Stock Charts-Graphic manual of over-thecounter market containing charts on 338 industrial stocks, 77

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#### BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold their Twentieth Annual Spring Outing May 13 at the Country Club of Maryland in Baltimore.

#### SAN FRANCISCO SECURITY TRADERS ASSOCIATION



Henry Perenon

The San Francisco Security Traders Association has elected the following officers for 1955: Henry Perenon, Henry F. Swift & Co., President; Rudolph T. Sandell, Shuman Agnew & Co., Vice-President; and Milton Reiner, Wells Fargo Bank, Secretary-Treasurer. Directors are Joseph Bellizi, Walston & Co.; William G. Faulkner, Wulff, Hansen & Co.; Leslie Howard, Brush, Slocumb & Co., and Walter Vicino, Blyth & Co., Inc., the retiring President.

#### SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League Standing as of March 10, 1955, are as follows: Klein, Rappa, Farrell, Voccolli, Strauss, Cohen\_\_ Donadio, Hunter, Fredericks, Demaye, Saijas, Kelly\_\_\_\_\_ 23 Mewing, Define, Gavin, Montanye, Bradley, Huff ....

Meyer, Murphy, Frankel, Swenson Dawson Smith, Kuehner 18 Growley, Alexander, Eiger, Valentine, Burian, Craig 16
Krisam, Clemence, Gronick, Stevenson, Weissman, McCloud 13
Serlen, Rogers, Krumholz, Wechsler, Gersten, Gold 12 Barker, Brown, Corby, Weseman, Whiting, Fitzpatrick 12
Leone, Nieman, O'Mara, Forbes, Greenberg, Murphy 12 10. Manson, Jacobs, Siegel, Topol, Frankel, Tisch 11. Bean, Meyer, Bies, Pollack, Leinhardt, Weiler 10. Kaiser, Hunt, Wermeister, Kullman, McGovan, O'Connor 8

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## Observations . . .

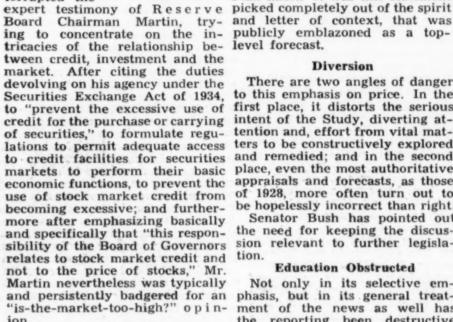
By A. WILFRED MAY

#### "JUST WHAT IS THIS INVESTIGATION ABOUT?"

market's price level, then just tively or individually. what is this investigation about?" came as an exasperated query

from Committee member Capehart in another extended colloquy with Chairman Fulbright midst the Stock Market Hearings.

This controversy over the central purpose of the 'Study" recurrently interrupted the



Chairman Fulbright nevertheis not the concern of his Commit- sented him as advocating "the sale tee, and points to his Statement of undervalued issues"; and comat the opening session of the hear-

that the Fulbright disclaimer appeared on the second page of the Mr. Fulbright himself had just his Committee's doings! occupied 20 minutes in questioning Mr. Martin on market prices along with credit. Mr. Capehart insisted that "if prices are not too high, then there's nothing to this investigation." In any event, whatever the original purpose, the Study has surely developed with pervasive price-forecasting

#### False Impression of Exchange President

seems to be justified as the hearings have proceeded - with the press treatment strongly accentuating this impression on the receptive public. As an example, there has been the garbled account of the opening performance of Stock Exchange President Keith Funston, to whom was attributed in front-page headlines the assumption of market prescience. Actually, in his prepared testimony, Mr. Funston explicitly stated four times that while the Stock Exchange officially has no opinion on stock prices and that as an individual he is a poor judge thereof, he would say that their present level does not reflect manipulation or credit excess, or the presence of undue speculative activity. Mr. Funston, stressing his interest in investor education, persistently fenced off questions about the

WASHINGTON - "If not the present height of stocks, collec-

Subsequently Senator Ives asked, "Do you think the market is too high?" to which Mr. Funston replied that he didn't know; but that perhaps professional analysts would have an answer after the lapse of a year. Then Senator Ives once more asked whether the witness was "afraid of a market crack in the near tuture." At this point, partly to anticipate questioning sure to come about his personal ownership of securities, Mr. Funston volunteered that he stocks himself, having owns bought them in January and February -- in fact, was a steady buyer of stocks in line with the Exchange's Monthly Investment Plan habit. It was this statement expert testimony of Reserve picked completely out of the spirit and letter of context, that was ing to concentrate on the in- publicly emblazoned as a top-

#### Diversion

There are two angles of danger Securities Exchange Act of 1934, to this emphasis on price. In the first place, it distorts the serious tention and, effort from vital matlations to permit adequate access ters to be constructively explored to credit facilities for securities and remedied; and in the second markets to perform their basic place, even the most authoritative economic functions, to prevent the appraisals and forecasts, as those of 1928, more often turn out to be hopelessly incorrect than right.

Senator Bush has pointed out the need for keeping the discussion relevant to further legisla-

#### Education Obstructed

Not only in its selective emphasis, but in its general treatment of the news as well has the reporting been destructive in adding to the public's confuless sticks to his guns in insisting sion. In the case of one witness, a that justification of the price level leading newspaper account reprepletely misconstrued a quite simple proposal for changing the Senator Capehart, pointing out capital gains tax. Neither the Committee nor the public seems to be getting the education. Nor Statement, with the first page's is the Congress on the way to any opening paragraphs concerning remedial legislation, which Chairthemselves with prices. And "in- man Fulbright stressed over the cidentally," he mentioned that weekend as the dual purposes of

Another abortive element to progress here is the questioning. It is generally pot-shotty, ranging over the widest scope of intricacies within the questioner's ten minutes allotted time; often persists with an axe-to-grind, someinterest of the questioner rather the witness. For example, when they had the opportunity of elicit-This construction unfortunately security analysts, Benjamin Gra- New York.

ham, the committeemen asked him not one question about the quantitative criteria of value, as manifested by earnings and dividends ratios and other leading factors (regarding which he had submitted a report); and instead pressed for his opinion about such things as the pricing of automobiles. Seemed like the Atomic Energy Committee asking Professor Einstein whether Stan-the-Man Musial should play first base or the outfield.

#### Confusion via the Air

Sizably compounding the general confusion was last Sunday night's joint TV-Radio performance of Senator Capehart with Walter Winchell, demonstrating the public's tip-following proclivity - followed by the Senator's blame on the Committee's majority for bringing on the market's current decimation. And Mr. Winchell's own contribution was hardly less confusing in differentiating the nuances between tipping and his brand of newsdissemination. Shortly after he insisted "I only recommend U. S. Government bonds, which I have bought in bunches," there came over the air waves (although not in his column's report thereof). "Incidentally, if I were going to buy anything, I would buy Tri-Continental common stock. It's, I understand, a very healthy and wealthy company.

So-even the non-tipping Mr. Winchell is interested, if only academically, in market price.

### **Richards to Speak On Cotton Marketing**

Frank A. Richards, Second Vice-President of the Chase National Bank, will speak Thursday, March 17, at New York University's School of Commerce, Accounts and Finance. His subject will be "The Marketing and Financing of Cotton in World Trade.'

Mr. Richards, internationally known in the cotton trade, has handled commodity loans for Chase for the past 34 years.

#### Keller Adds to Staff

(Special to THE FINANCIAL CHRONICLE) BOSTON, Mass. - Frank L. Young II has become associated with Keller & Co., 53 State Street. Mr. Young who has been in the investment business in Boston for many years has recently been with Lyons & Shafto and Blair, Rollins & Co.

#### McCleary Now Has Wire To Bonner & Gregory

ST. PETERSBURG, Fla. - Mctimes political; and follows the Cleary & Co., Incorporated, 556 Central Avenue, members of the than the field of competence of New York Stock Exchange, announce that they now have a diing knowledge from the dean of rect wire to Bonner & Gregory,

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## Responsibilities of Financial Community Under the SEC Act

By RALPH H. DEMMLER\*

Chairman, Securities and Exchange Commission

Chairman Demmler, in addressing New York security dealers, points out that though the laws require the SEC to exercise day-to-day responsibilities which fit into the general pattern of things, responsibilities are also allocated to others, such as the traders, investors and the public. Points out, though disclosure is the most fundamental responsibility of the SEC, unless the investor or his adviser takes the trouble to read and understand the information, the disclosure is wasted. Praises principle of self-regulation, and refers to the Fulbright study as an appraisal of how SEC and others are meeting their responsibilities.

kets in general terms involves a trains in on the same track simul-risk of indulging in a recital of taneously. We work hard too. It

about the regulation of capital markets involves the risk of boring one's audience with technicalities interesting only to the speaker. Tonight I hope to steer a middle ground between the philosophical and the technical. I don't want to scare



Ralph H. Demmler

you away by my announcement of the subject but this speech could be entitled "Basic Concepts of Federal Securities Regulation." It might be given a more amiable sounding title, but I may as well prepare you for the worst.

You who are in the securities business in New York or in any large center work under great pressure most of the time. In one capacity or another you are playing a part in the energetic, fastmoving, exciting, dynamic drama of capital formation. Your immediate tasks are always interesting. Your problems are challenging. They must be solved quickly and before one immediate problem is solved, another one comes along. You work hard. You probably play hard.

#### SEC Responsibilities

At the Commission we have a multiplicity of statutes to administer and a multiplicity of powers and duties under each statute. We have big problems and little problems every day. The time pressures are such that we always

\*An address by Commissioner Demni-ler at the Annual Dinner of the New York Security Dealers Association, New York City, March 11, 1955.

To talk about the capital mar- seem to be trying to bring two platitudes. To talk in any detail is only natural, therefore, that neither you nor we have or take the opportunity to do enough fundamental thinking about how our day-to-day activity and the exereise of our day-to-day responsibilities fit into the general pattern of things. We don't have or we don't take the time off to climb a mountain and look down on the scene of our activities.

I remind you that the part of the human race which happened to be engaged in the processes of issuing, selling and trading in securities in the 1920's was basically neither much better nor much worse than the part of the human race which today is engaged in the same processes. There did occur then, however, a gradual intensification of the zeal with which more and more people devised more and more means to turn some dollars into more dollars. The community lost its perspective. I don't need to recount what followed. It was a period of chastisement-economic chastisement, legal chastisement. In addition to the self-examination conducted during the leisure time for introspective and retrospective thinking—leisure afforded by the inactivity of the depression—there was the examination conducted on behalf of the government. That examination, conducted against an historic background of economic disaster, had elements of angry emotion in it. Many headaches would have been avoided had more sober thought been taken while the party was going on.

Today the capital markets are prosperous; the economy is prosperous. We are not looking back on a debacle. We are busy doing our respective parts in the conduct of a process of capital formation which is maintaining American economic life in a style to which it would like to become accustomed. I suggest that an ob-

our work makes good sense. In vestor or his adviser takes the upon many types of specific other words, some precautionary trouble to read and understand measure, if one is required, taken the information made available to haps are the Commission's powers after a physical check-up is al- him, the disclosure is sweetness ways better than a successful major operation.

a little while ago that we don't get enough time for objective wisdom to take advantage of those thinking, all of us do snatch a moment now and then and perhaps subconsciously our philosophy on a particular subject takes some definite shape. I would like to pass on to you tonight the results of some of my own thinking cacy of the disclosure provisions on the general scheme of securities regulation and to phrase those thoughts, not in terms of statutes, regulations, or details, but in terms of allocations of responsibility, al- the investors for whom the inforlocation to the investing and trading public, allocation to securities dealers, brokers and underwriters, allocation to stock exchanges and associations of securities dealers, allocation to the Securities and Exchange Commission and allocation to the courts.

that the Securities and Exchange law is no different in the case of ance and enforcement. The dis-Commission is a kind of guarantor that all is well in the operation of markets for securities. Not only that, I think there is a kind of unadmitted subconscious feeling, even on the part of those familiar with the business, that if the SEC does not move in to thwart a particular practice of doubtful integrity, the practice becomes ipso facto validated. Put another way, there may be somewhat of a feeling in the business that the disciplinary power of the SEC is a substitute for self-control. There is a feeling on the part of some members of the investing public that the Commission's processing of a registration statement or the Commission's registration of a broker or dealer eliminates the necessity of the investor's exercising intelligent standards of selection in the choice of his investments or his broker. The atrophy of a dealer's sense of responsibility for business conduct or the atrophy of an investor's appreciation of the necessity of exercising intelligent judgment in his investment decisions would be as disastrous to the American economy as an atrophy of the initiative which characterizes the nation's develop-

In spite of the fact that there are elements of paternalism in the securities laws and in their administration - just as there are elements of paternalism in any other function of government—the securities laws themselves impose ultimate responsibility on both the organizations and individuals regulated by those laws and on the members of the public whom the laws seek to protect.

#### Disclosure

Let us examine more closely into this. Take first the subject of disclosure. Disclosure is perhaps the most fundamental obligation imposed by the various laws administered by the Commission. Who has the responsibility to make the disclosure and who has the responsibility to see that the investor benefits from it? To be sure the Commission examines statements of fact made ments is that of the party making involved. them. That is clear in the law and it is clear as a matter of commaterial filed with it. And what to forms and procedures. It has closure? Disclosure is for the Holding Company Act and the human force in the world.

jective analysis of your work and investor's benefit. Unless the in- Investment Company Act to pass wasted on the desert air. In other which have the force of law. In words, the benefit of the law is In spite of the fact that I said realized to the full extent only by those who use the energy and benefits. The Commission's function is to formulate standards for disclosure, to activate the disciplinary powers of the law against those who fail or refuse to make adequate disclosure, but the effiof the law depends basically on the integrity of those who supply the information and the energy and enlightened self-interest of mation is supplied.

I mentioned that a basic concept in the securities laws is disclosure. Another basic concept is the old familiar one found in every legal code since those of the predecessors of Hammurabi, namely, outright prohibitions of illegal acts. A lot of people have the idea The duty to avoid breaking the securities laws than in the case of any other kind of law. The prohibitions are different, of course, prohibitions of fraud, prohibitions complished by a regiment of of certain manipulative activities, prohibitions in the case of investment companies and holding company systems of certain types of transactions among affiliates and the like. But fundamentally the prohibitory provisions of the securities laws are like any other criminal law. Those who disobey them are subject to criminal penalties of fine or imprisonment. rules and its disciplinary pro-While the Commission has investigative powers and can impose certain limited disciplines, or more importantly refer the matter to the rules and their examinations and Department of Justice for prosecution, the general efficacy of these prohibitions depends upon the fact that generally speaking people do not break the criminal

#### Civil Liability Under SEC

There are also found in the securities laws provisions, for civil liability. Most of these provisions are fixed by the terms of the statutes themselves-for example, the liability for misrepresentation in a registration statement or the liability for misstatements in an annual report filed by a listed company. Other liability provisions are found in Commission rules adopted under authority given in the statute.

Issuers and underwriters have been known to be impatient with their lawyers from time to time. Be tolerant of your legal adviser. gentlemen. He usually knows what he's talking about. He knows that getting a filing with the Commission made effective does not create any exemption from the civil liability imposed by the securities laws. That is a responsibility remaining on the party filing the document. It is a legal obligation. legal enforceable in the courts just like the obligation to respond in damages for negligence in an automobile smash-up.

These civil liabilities are enin material filed with it but it forceable in private litigation in does not and cannot vouch for the the courts, not by the Commission. accuracy of that material. Ad- The Commission's intervention in ministratively it calls attention to such litigation is only in the exapparent misstatements or half- ceptional case where a basic printruths. Its staff suggests the sub- ciple of statutory construction-

Commission's rule-making power.

transactions. Most important perto make rules and regulations other words, some of these prohibitions and some of the civil liabilities I spoke about a moment ago are imposed under rules which the Commission makes, For example, the Commission can prescribe by rule the types of manipulative practices which are criminal; it can prescribe rules to separate prohibited from permitted practices in stabilization; indirectly it can prescribe rules for the exchanges themselves and these rules can in turn provide what activities are permitted and what are prohibited for floor traders and specialists. Since rules relating to practices in the trading markets necessarily deal with many transactions and since they deal in that area where the line between what is unethical and what is illegal is sometimes indistinct, the securities business has a responsibility for complicharge of this responsibility transcends in practical impor-tance anything that could be ac-Commission investigators.

#### Self-Regulation of the Securities Industry

The last observation brings me to another concept found in the securities laws, namely, that of according legal status to selfregulation. I am not going to talk about the NASD and its ceedings and its inspections. Neither am I going to talk about the stock exchanges and their their disciplinary proceedings. What I am going to mention is the fact that the Congress in the Securities Exchange Act of 1934, as amended in 1938, recognized Upon a nation's respect for that in the securities business, the law depends its national in- self-regulation was of such importance that it should be given statutory recognition. Through that recognition vast power and responsibility were imposed on the exchanges and on the NASD. The Commission has reviewing functions, to be sum, but the basic responsibility is on the self-regulating private agencies whose peculiar status the Congress has recognized.

I hope that this analysis of the securities laws in terms of allocations of responsibility has perhaps stimulated some thinking on your part as to the nature of your individual responsibilities legal and moral. I come both back to the point from which I started, namely, that we become too much absorbed in our dayto-day tasks. We need to think we need to gain and regain and gain again our perspective.

An inquiry into our trading markets is now in progress before the Senate Banking and Currency Committee. That inquiry will doubtless result in an appraisal of how you and how our Commission are meeting their respective responsibilities. It will doubtless result in an appraisal of the efficacy of the present Federal securities laws. In order to answer to your own satisfaction and to that of the Committee and of the people as to the discharge of our respective responsibilities, you should do, ject matter of corrections, but important to the Commission's ad- and we should do and even inthe responsibility for the state- ministration of the statutes - is vestors should do, some pretty sound thinking about what those The next concept in the secu- responsibilities are. Only by rities laws is that involved in the clear, conscientious thinking. mon sense. Without an army- The Commission has broad power continuously done, can we have sized division of traveling audi- to fill in details on many matters reasonable assurance that the tors, the Commission could not treated generally in the statutes, capital markets will continue to It can prescribe standards for serve, as they are serving, the truly verify the accuracy of the disclosure, make regulations as American economy which, thank about the benefits from the dis- powers under the Public Utility God, is still the greatest material

For Banks, Brokers, Dealers and Institutional Investors

Comprehensive Analysis

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## Trust Fund and Pension Plan Investments and the Stock Market

By JOHN J. McCLOY\*

Chairman, Board of Directors, Chase National Bank

In presenting the factors which enter into the determination of the investment of personal and trust funds supervised by banks, and the extent to which the investment of such funds serves as a support of the stock market, Mr. McCloy lays down the investment principles followed by a leading bank in supervising such funds. Says it is difficult to generalize concerning investment of trust funds, but, as regards pension funds, he gives an estimate of 20% to 25% invested in common stocks. Holds foreign participation is not a factor in U. S. stock market, and is now less than in prewar days. Finds, however, close interrelationship between the United States economy and foreign economies.

It has been suggested that in a number of considerations and this opening statement you would principles. These may be summarlike particularly to hear something ized most conveniently under four from me concerning the factors general headings: namely (1) in-

which enter into the determination of the investment of trust funds, personal funds and other funds over which the Chase National Bank has some supervision. He also indicated that you would like to have my views

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John J. McCloy

concerning the extent to which the investment of such funds serves as a support to bination of the principal and inthe market, as well as the extent come, and as one consequence of foreign participation in the more attention can be given to present market as compared to capital growth in these accounts. price level. such participation in former markets. Finally he asked if I might approach is adopted. Short-term comment briefly upon the inter- factors that affect the market are relationship between the U. S. economy and foreign economies.

decisions are taken. Let me take up each of these matters separately. First, as to securities of well-managed com- factor in security sales. the investment of funds. The Chase National Bank invests funds in the course of carrying out two separate and distinct functions: (1) the business of a bank of deposit; and (2) the performance of trust and investment advisory services. As a bank of deposit Chase maintains an investment portfolio which includes only certain types of securities that are permitted by laws and regulations pertaining to banks. These securities are marketable obligations in the form of bonds, notes, or debentures. For the most part they take the form of U.S. Government obligations; obligations of states and their political sub-divisions; obligations of various public agencies; and certain corporate obligations. In addition the bank holds certain foreign securities, chiefly as a result of its branch operations abroad. In general, the bank is not permitted by law to invest bank funds in common stocks. As a result of this limitation, and because of the character of control that is exercised over the investment of bank funds, I do not believe that a discussion of Chase's investment portfolio is relevant to your inquiry.

Rather I believe you will be more interested in security investments made by Chase in its capacity as a fiduciary. Chase serves in a fiduciary capacity with respect to personal trusts, estates, pension trusts, charitab'e and other trust relationships. In addition the bank acts as investment advisor to individuals, corporations, banks and nonprofit organizations. In this latter capacity the bank normally limits its services to those of an advisory nature.

In determining how the funds of a particular account might best be invested, the bank is guided by

Statement by Mr. McCloy before the Committee on Banking and Currency, U. S. Senate, March 10, 1955.

panies with proven records of

#### Considerations Peculiar to the Particular Trust

(a) Limitations imposed by, or investment provisions of the particular trust in question.

(b) With respect to personal trusts, consideration is given to:

(1) Provisions of the trust well as other outlets. which may relate to invasion of principal, revocation of the trust, or its termination.

(2) The age, citizenship, residence and tax bracket of the beneficiary.

(c) With respect to pension trusts consideration is also given to factors affecting the flow of funds, such as:

(1) The nature of the business involved and the stability of employment.

Terms of the plans, including the existence or absence of employee contributions.

(3) A projection of expected retirements.

#### Ш **Economic Factors**

(a) The level of and outlook for general business and corpocome are the primary investment rate earnings.

(b) The relationship of stock objectives. In this connection, however, it should be pointed out yields. that in pension trusts and in in-(c) The relationship as be-

tween yields on stocks, bonds and mortgage investments. (d) Government fiscal policies

and their relation to the general

#### Tax Considerations

(a) The yield on tax exempt not the basis on which investment bonds versus other forms of investment. (c) Investments are limited to

(b) The capital gains tax as a

the latitude permitted by, the ment cover the full range of types personal trusts, these net purcorporations and the like - as of security prices.

> stocks, and the extent to which which we administer that now of new cash that must be invested is the pension trust. New generally come to us with investments already made. Morereceiving our investment advice) are not expanding accounts in the sense that new funds are besale of securities. Likewise, seto provide funds for estate taxes, expenses of administration, bequests and the like.

I mention these matters because they indicate that it is not possible to say categorically that a large institution administering many types of trust accounts will, on balance, be a net buyer of common stocks. As a matter of

As is apparent from this list fact, the Chase National Bank, earnings and dividends. Moreover, of considerations and principles, acting in its fiduciary capacities they are diversified as between it is impossible to lay down any over the 16 months' period from industries, companies and types of simple rule-of-thumb measure or Sept. 1, 1953, through Dec. 31, formula for guidance in the in- 1954, was a net seller of common vestment of trust and other funds. stocks, on balance, by a small Each situation must be considered amount. While we were a net by itself. The result is that in-buyer of stocks in connection vestments by our Trust Depart- with pension trusts and many of marketable securities - com- chases were more than offset by mon stocks, preferred stocks, and sales in other personal trusts and obligations of government and its estates that were dictated by spesub-divisions, public authorities, cial factors unrelated to the level

Quite clearly, then, it is diffi-This Committee of course is cult to generalize concerning this chiefly interested in common matter of trust funds as administered by banks and their relatrust buying of such stocks might tion to the stock market - the serve as a support to the market, more so because reliable figures In this regard, it is important to are not available concerning the note that the only type of trust net increase in assets of various forms of trusts, and the composigives rise to a substantial volume tion of those assets. In spite of the lack of exact information, however, it seems probable from estates and new personal trusts the experience of Chase and other institutions that one of the largest sources of new funds over, most personal trusts which available for investment for trust we already are supervising (as purposes is arising in connection well as most investment accounts with pension trusts. A number of estimates have been made of the total assets held under various forms of private pension plans, ing added as a result of savings and a rough figure used for of income. Indeed special con- working purposes is \$20 billion siderations sometimes arise in as of the end of 1954. Of this, connection with such trusts that some \$13 billion represented asare unrelated to the level of stock sets in pension funds managed prices and which require a net by trustees, and the remainder included assets of pension funds prices to earnings and dividend curities are frequently sold when handled by life insurance comtrusts are terminated. And in the panies and others. The amount administration of estates we nor- of new funds added in 1954 is mally find ourselves in the posi- believed to have been on the tion of being a net seller in order order of \$3 billion, with pension trusts expanding \$1.6 billion to \$2 billion, and life insurance company and other pension funds growing by perhaps \$1.2 billion.

With regard to investment of these pension funds, I shall speak only of pension trusts. By and large, managers of such trusts, including Chase, are interested in

Continued on page 30

This advertisement is neither an offer to sell, nor a solicitation of an offer to buy any of these Securities. The offering is made only by the Prospectus.

NEW ISSUE

vestment principles; (2) consider-

ations peculiar to the particular

account and its circumstances; (3)

economic factors; and (4) tax con-

siderations. The chief factors that

are relevant to security invest-

ments under each of these head-

Investment Principles

the attainment of reasonable in-

vestment advisory accounts bene-

ficiaries are interested in a com-

(b) A long range investment

(a) Preservation of capital and

ings are as follows:

March 17, 1955

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Continued from page 5

## Dealer-Broker Investment Recommendations & Literature

weekly prices, annual ranges from 1949, earnings, dividends, capitalizations, capsule description of each company's business, and 16-year chart of over-the-counter industrial average-yearly subscription (six up-dated bi-monthly editions), \$45.00; single edition (March-April) \$8.75-Over-the-Counter Publishing Co., 14-F Elm Street, Morristown, N. J. Steel Industry in Japan—Analysis in "Monthly Stock Digest"

-Nomura Securities Co., Ltd., 1-1 chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan and 61 Broadway, New York 6,

West Texas Oil Fields - Supplemental bulletin - Arthur Davidor, 419 Northwest 47th Street, Oklahoma City, Okla. What Atomic Energy Is and How It Is Applied-4-color sheet with listing of 100 atomic stocks-Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7,

Arkansas Fuel Oil-Analysis-H. Hentz & Co., 60 Beaver St., New York 4, N. Y. Also available is a memorandum on Oklahoma Mississippi River Products Line, Inc.

Associated Dry Goods Corp. - Analysis in current issue of "Gleanings"-Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are a list of favorably situated equities and a list of discount preferred stocks.

Bankers Trust Company-Analysis-The First Boston Corporation, 100 Broadway, New York 5, N. Y. Also available is an analysis of First National City Bank of New York and memoranda on the Iron Ore Industry and Cleveland Cliffs

Bonanza Oil & Mine-Report-L. D. Friedman & Co., Inc., 52 Broadway, New York 4, N. Y.

Bowater Paper Corporation, Ltd.—Comprehensive analysis-Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

Bridgeport Brass Co. — Data—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on Pittsburgh Steel Co., American Potash & Chemical Corp., Western Union Telegraph, Copper Securities, Steel Industry and Airline Earnings. Burry Biscuit Corporation-Bulletin-Bregman, Cummings, &

Co., 100 Broadway, New York 5, N. Y. Christiana Securities Co.—Bulletin—Laird, Bissell & Meeds,

120 Broadway, New York 5, N. Y.

Drewrys Limited - Bulletin - Gartley & Associates, Inc., 68 William Street, New York 5, N. Y. Edgemont Mining & Uranium Corp.-Memoranda-Capper &

Co., 80 Broad Street, New York 4, N. Y.

Christiana Securities Company-Detailed analytical brochure -Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Erie Railroad 5% Preferred vs. Erie Railroad General Income 41/2s of 2015—Bulletin No. 187—Smith Barney & Co., 14 Wall Street, New York 5, N. Y.

General Dry Batteries Inc .- Data-Lewis & Stochr, Inc., 80 Broad Street, New York 4, N. Y. Also available is information on Baltimore Baseball Club.

General Motors-Brief data-Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on Chrysler, Duplan Corporation, Oliver Corporation, and Timken Roller Bearing.

General Telephone Corporation-Analysis-Thomson & Me-Kinner, 11 Wall Street, New York 5, N. Y. Also available is analysis of Railroad Bonds, and a report on American Steel Foundries.

Glidden Company - Analysis - Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Hattiesburg, Miss. Sewer Improvement, Extension & Repair Bonds—Bulletin—Arnold & Crane, National Bank of Com-merce Building, New Orleans 12, La. Also available is a bulletin on State of Louisiana Korean Combat Veteran's Bonds and a list of Louisiana Tax Exempt Bonds.

Link Belt Co.-Analysis-Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Lucky D Uranium Mining Co.-Report-Hardy & Hardy, 11 Broadway, New York 4, N. Y.

Micromatic Hone Corporation — Bulletin — De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

National Life and Accident Insurance Company-Analysis-Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

National Vulcanized Fibre-Bulletin-J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Pittsburgh Plate Glass Co.-Memorandum-McDonnell & Co., 120 Broadway, New York 5, N. Y.

Polaroid Corporation-Analysis-New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Safety Car Heating & Lighting Co .- Analysis-Cohu & Co., 1 Wall Street, New York 5, N. Y.

Sherritt Gordon Mines, Ltd.—Analysis—Walston & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on Travelers Insurance Co.

Southwestern Electric Service Co. - Analysis - Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Texas Company-Annual report-Secretary, The Texas Company, 135 East 42nd Street, New York 17, N. Y.

Western Light & Telephone Company-Report-Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of American Hospital Supply Corporation.

### Spahr Links Stock Market Rise to Inflation

Executive Vice-President of the Economists' National Committee on Monetary Policy cites statement by Andrew D. White on French inflation as an old lesson as to speculation under a cheap currency.

12 by Dr. Walter E. Spahr, Executive Vice-President of the Economists' National Committee on

Monetary Policy, with respect to the stock market inquiry being conducted by the Fulbright Committee, is reproduced herewith:

"Pertinent to the Fulbright



Andrew Dickson White, one-time President of Cornell University and distinguished author and diplomat, in his study of effects of unsound money and monetary policies in France 165 years ago. The experiences in that country then, as revealed by the following excerpts from White's book on 'Fiat Money Inflation in France,' should provide us all with some worthwhile considerations as to fundamentals.

Dr. Walter E. Spahr

"The consequences of these overissues now began to be more painfully evident to the people at large. . . . Orators in the Legislative Assembly, clubs, local meetings and elsewhere now endeavored to enlighten people by assigning every reason for this depreciation save the true one.'

"'The artful plundering of the people at large was bad enough, but worse still was this growing corruption in official and legislative circles. Out of the speculating and gambling of the inflation period grew luxury, and, out of this, corruption. It grew as naturally as a fungus on a muck heap. It was first felt in business in journalism.'

breaking down of the morals of encouraged. from the sudden building up of ostentatious wealth in a few large cities, and from the gambling, speculative spirit spreading from these to the small towns and rural districts. From this was developed an even more disgraceful result .-

A statement released on March the decay of a true sense of national good faith. The patriotism . was gradually disintegrated by this same speculative, stock-jobbing habit fostered by the

super-abundant currency. There appeared, as another outgrowth of this disease, what has always been seen under similar circumstances. It is a result of previous, and a cause of future, evils. This outgrowth was a vast debtor class in the nation, directly interested in the depreciation of the currency in which they were to pay their debts . . . ; and these were speedily joined by a far more influential class;-by that class whose speculative tendencies had been stimulated by the abundance of paper money, and who had gone largely into debt, look- Devonshire Street. ing for a rise in nominal values

"This great debtor class, relying on the multitude who could be approached by superficial arguments, soon gained control. Strange as it might seem to those who have not watched the same causes at work at a previous period in France and at various times in other countries, while every issue of paper money really made matters worse, a superstition gained ground among the people at large that, if only enough paper money were issued and were more cunningly handled the poor would be made rich. Henceforth all opposition was

"The evils which we have already seen arising from the earlier issues were now aggravated; but the most curious thing evolved out of all this chaos was a new system of political economy. In speeches, newspapers and pamphlets about this time, we begin to find it declared that, after all, a depreciated currency is a blessing; that gold and silver form an unsatisfactory standard for measoperations, but soon began to be uring values; that it is a good seen in the legislative body and thing to have a currency that will not go out of the Kingdom . . "Even worse than this was the that thus shall manufacturers be staff of William E. Conly, Jr., that the laws of the country at large, resulting political economy however applicable in other times, are not applicable to this particular period . . .; that the whole state of present things, so far from being an evil is a blessing."

"'. . . All thoughtful men in France . . . knew too well, from

that ruinous experience, 70 years before, in John Law's time, the difficulties and dangers of a currency not well based and controlled. They had then learned how easy it is to issue it; how difficult it is to check its overissue; how seductively it leads to the absorption of the means of the workingmen and men of small fortunes; how heavily it falls on all those living on fixed incomes, salaries or wages; how securely it creates on the ruins of the prosperity of all men of meagre means a class of debauched speculators .; how it stimulates overproduction at first and leaves every industry flaccid afterward; how it breaks down thrift and develops political and social immorality. "But, says White, 'Oratory pre-

vailed over science and experience."

W. T. Kennedy Opens

(Special to THE FINANCIAL CHRONICLE) PEORIA; Ill.-Walter T. Kennedy is engaging in a securities business from offices at 705 Hamilton Boulevard.

Hayden, Stone Adds

(Special to THE FINANCIAL CHRONICLE) BOSTON, Mass. - Donald E. Waelter is now affiliated with Hayden, Stone & Co., 10 Post Office Square.

#### With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. - Thomas F. McCarthy has become connected with Investors Planning Corporation of New England, Inc., 68

#### With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE) PORTLAND, Oreg.-Curtis R. Erickson is now with Merrill Lynch, Pierce, Fenner & Beane, Wilcox Building.

#### Storer Ware Co. Formed

ROANOKE, Va. - Storer P. Ware, Jr., is engaging in a securities business from offices in the Boxley Building under the firm name of Storer Ware & Company.

#### Reed & Crane Branch

PROVIDENCE, R. I.—Reed & Crane has opened a branch office at 188 Benefit Street under the direction of Lloyd B. Averill.

#### Waddell & Reed Branch

MIAMI, Fla.-Waddell & Reed, Inc. has opened a branch office at 3031 Coral Way under the direction of George E. Swope.

#### Joins W. E. Conly

(Special to THE FINANCIAL CHEONICLE) LONGMONT, Colo.—Charles C. Seidenstricker has joined the 518 1/2 North Main Street

#### Two With L. A. Huey

(Special to THE FINANCIAL CHRONICLE) DENVER, Colo. - Bernard C. Cowsert and Jay H. Jones are with L. A. Huey Co., U. S. National Bank Building.

#### Three With Inv. Planning

(Special to THE FINANCIAL CHRONICLE) BOSTON, Mass. - Maurice C Brown, Louis J. Michaud and Winthrop B. Tewksbury have joined the staff of Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

#### Two With J. W. Hicks

(Special to THE FINANCIAL CHEONICLE) DENVER, Colo.-John L. Kennedy has become associated with J. W. Hicks & Co., Inc., Colorado Building.

Material and Consultation

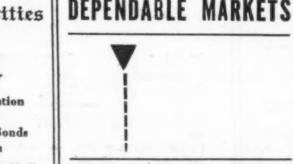
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March 18, 1955 (New York City) Brokers Square Club of New York monthly meeting Masonic Temple Building, 71 West 23rd

March 23-25, 1955 (Pittsburgh,

Association of Stock Exchange Firms meeting of Board of Gov-

April 4-8, 1955 (Philadelphia, Pa.) Institute of Investment Banking at University of Pennsylvania.

April 24-27, 1955 (Houston, Tex.) Texas Group Investment Bankers Association spring meeting at the Shamrock Hotel,

Apr. 28-29, 1955 (St. Louis, Mo.) St. Louis Municipal Dealers Group annual outing.

Apr. 29, 1955 (New York City) Security Traders Association of New York annual Dinner at the Waldorf Astoria.

May 8-10, 1955 (New York City) National Federation of Financial Analysts Societies at the Hotel Commodore.

May 13, 1955 (Baltimore, Md.) Baltimore Security Traders Association Annual Spring Outing at the Country Club of Mary-

May 18-21, 1955 (White Sulphur Springs)

**Investment Bankers Association** Spring meeting of Board of Governors.

June 8, 1955 (New York City) conference on highway financ-

June 10, 1955 (New York City) Municipal Bond Club of New York 22nd Annual Outing at the Westchester Country Club and Beach Club, Rye, N. Y.

Sept. 11-14, 1955 (Mackinae Island, Mich.) National Security Traders Asso-

ciation annual convention.

Sept. 16-17 (Chicago, Bl.) Investment Bankers Association Fall meeting of Board of Gov-

Sept. 21-23, 1955 (Denver, Colo.) Association of Stock Exchange Firms meeting of Board of Gov-

Nov. 16-18 (New York, N. Y.) Association of Stock Exchange Firms meeting of Board of Gov-

Nov. 27-Dec. 2, 1955 (Hollywood, Florida)

**Investment Bankers Association** annual Convention at Hollywood Beach Hotel.

Chicago Analysts to Hear

CHICAGO, Ill.-N. W. Freeman Senior Vice-President of Tennessee Gas Transmission Company will address the luncheon meeting of the Investment Analysts Society of Chicago to be held March 24 at 12:15 p.m. in the Georgian Room of Carson Pirie Scott & Co. Mr. Freeman will discuss new developments in the company.

The next regular meeting will be held April 14, Burlington Industries being the subject of dis-

#### With Fairman, Harris

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. - Donald R. Dwyer has become associated with Fairman, Harris & Company, Inc., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Dwyer was formerly in the trading department of Arthur M. Krensky & Co., Inc.

## Industrial Technology at Basis Of Higher Securities Prices

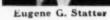
By EUGENE G. STATTER\*

President, New York Security Dealers Association Partner, Hoit, Rose & Co., New York City

Mr. Statter, asserting public participation in the securities market is on largest scale in a quarter-century, ascribes it to recent great advances in science and industry, along with the return of confidence in our great system of free enterprise. Urges securities traders to redouble efforts to keep their activities on the highest level of public service, and points out "regulation of our industry that is genuinely in the public interest is also in our interest."

Since we last met here-all of expect to be on the receiving end us in the securities business, have for a large dose of criticism when, enjoyed one of the most profit- as and if, there should be a sus-

sponding to the great advances made by science and industry in the last decade—the inspiring vistas of technical development unfolded by the Atomic Age, and to the return of confidence in our great system of free enter-



prise, security prices have enjoyed an almost uninterrupted advance to their present high

Public participation in the market is unquestionably also on the conduct will be enthusiastically largest scale in 25 years.

Municipal Forum of New York cannot help thinking that all of the other fellow ill, we can't help us need to redouble our efforts to keep our activities on the highest level of public service. Human find themselves debarred from nature being what it is, we must further misdealing. In taking

\*Remarks by Mr. Statter at the Twenty-ninth Annual Dinner of the New York Securities Dealers Association, New York City, March 11, 1955.

able periods in our history. Re- tained break in the market. The more carefully we conduct our affairs now-the smaller the dose of criticism will be. All of us know that one successful speculative purchase by a customer frequently leads that customer to insist on buying other speculative issues. "Taking a flyer" becomes commonplace after several successes. To the extent that the public is buying highly speculative securities on its own initiative, no reasonable person can, or will, blame "Wall Street" for the subsequent losses.

> To the extent that dealers like ourselves are retailing such securities whether the profit margin be an eighth or a full 5%, trouble could very well be in store for us.

Of one thing we may be sureany efforts of ours to maintain the highest standards of business Under these circumstances, we thorities. While none of us wishes but applaud, when shady operators on the fringe of the industry steps to debar such operators, nevertheless, it seems unnecesconsult counsel on the effect of important role the securities in- formerly with Morgan & Co.

ing function at a legitimate profit. pers.

It is likely that new and strange doctrines will be suggested from time to time, out of what seems to be inordinate zeal to protect the public interest. As dealers in securities, and as merchants both wholesale and retail, we all recoginterest in being the servants of our customers. However, we cannot properly be considered the guardians of our customers, whether in spelling out the size of our profits, or in setting up burdensome and unnecessary safeguards for temporarily idle cash.

If at times we have some matters of this kind to debate with our good friends in Washington, we can be reassured by the knowledge, that both the regulated, and the regulators, now have the advantage of more than 20 years' experience of the regulatory process. Both parties now have a better understanding of the other's problems.

The officers and governors of the New York Security Dealers Association in particular, have always found courtesy and consideration in discussing our problems with members of the Commission and its staff in Washington and in New York.

We have likewise maintained cordial relations with our friends of N. A. S. D., of the New York Stock Exchange and the American Exchange. Certainly, it is in the public interest, no less than in our own interest, that this cooperation among different segments of the industry, should be maintained and strengthened.

Any regulation of our industry that is genuinely in the public interest, is also in our interest, for we ourselves are also a part of that public. Under such regulation—with a spirit of cooperation in the industry—with increased

obiter dicta, which on their face, dustry plays in our national ecoseverely limit our time-honored nomic life-we can look forward right to act as merchants, per- with confidence to continued forming a legitimate merchandis- prosperity—as our country pros-

### **Arthur Sacco Partner** In Cruttenden & Co.

CHICAGO, Ill.—Arthur C. Sacco nize our obligation and our true has been admitted as a general partner in Cruttenden & Co., 209 South La Salle Street, members



of the New York and Midwest Stock Exchanges.

Mr. Sacco joins W. W. Cruttenden, Jr. as the firm's second partner with a membership on the Midwest Stock Exchange. Through these partners, Cruttenden & Co. acts as floor brokers for several other organizations and are specialists in a number of stocks.

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(Special to THE FINANCIAL CHRONICLE)

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(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.-John M. Cunningham has joined the staff of Daniel D. Weston & Co., sary to send us all running to public recognition of the vitally 140 South Beverly Drive. He was

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## Federal Reserve Policy And the Stock Market

By WILLIAM McC. MARTIN, JR.\* Chairman, Board of Governors The Federal Reserve System

In pointing out that the responsibility of the Federal Reserve Board relates to market credit and not to the price of stocks, Chairman Martin holds the Securities Exchange Act was not designed to restrict the natural operation of the stock market, but to rid it of manipulative practices and inadequate disclosure of information. Says exchanges serve the economy by providing a continuous securities market, and borrowing by pledge of securities is essential to business operations. Cites two-fold task of Federal Reserve is to permit adequate access to credit facilities for security markets, and to prevent the use of stock market credit from becoming excessive. Gives data on securities loans. Concludes margin requirements are not a cure-all for market excesses.

general flow of credit and money with the objective of contributing

to a healthy rowing econ-In the omy. Securities Exchange Act of 1934, the Board of Governors of the Federal Reserve System was given special responsibility for preventing the excessive use of credit for the purchase or car-



W. McC. Martin, Jr.

rying of securities.

Let me say at the outset that this responsibility of the Board of Covernors relates to stock market credit and not to the price of stocks. The Congress rightly, in my judgment, did not place on the Board responsibility for trying to determine the level at which stocks should sell. Even if all credit were eliminated from the market, cash purchases could bid up the prices of stocks to high levels. Regulation can restrain the use of credit for stock market purposes, but it cannot serve as a guarantee against all speculative excesses.

When Congress was considering the Securities Exchange Act in 1934, the country was concerned with two major problems. One was to foster economic recovery and get the millions of unem-ployed re-employed. The other was to prevent recurrence of the situation which brought about the unemployment. An important factor in that situation was that stock purchases were pyramided on the basis of credit extended on very thin margins. As a result, a break in stock market prices, that in any event would have been severe, was magnified into a disastrous financial crash for the whole country.

The Securities Exchange Act natural operation of the stock market, but to rid the market of the use of stock market credit such evils as manipulative pracinformation vital to investors. Thus the market could better perform its basic investment functions. The margin requirement provision of the Act was not de- falling market. signed to deny the use of credit to the stock market; its explicit objective was to prevent the excessive use of credit. This legislation was designed to help create a healthier securities market as part of a strong, vigorous free enterprise economy.

Organized stock exchanges are courage growth in equity owner-

\*Statement by Chairman Martin before the Senate Committee on Banking and Currency, Washington, D. C., March 14,

The Federal Reserve System has ship rather than debt, with reresponsibility for regulating the sulting benefit to the economy. For business to raise equity capital through the issuance of common stock, it is important to have active and orderly markets for

The Services of the Exchanges

The exchanges serve the economy by providing continuous, ready markets for securities that constitute an important proportion of the assets of many individuals and businesses. Individuals, to make purchases of goods or services, frequently have to sell or borrow on their securities to obtain the necessary cash. Furthermore, businessmen often sell their securities or pledge them as a basis for loans to meet payrolls or to obtain other capital. Sales or borrowing transactions of these kinds would be far more difficult without market centers where investors, traders, brokers, and dealers are brought together. Sales of new security issues by business corporations would also be more difficult if buyers did not know they could later dispose of such assets readily.

In my judgment, a properly functioning stock market is important to the attainment of a high standard of living and steady growth of employment opportunities for all the people. We could not today have our system of mass production and distribution if it were not possible for corporate enterprises to assemble through the securities markets varying amounts of individual savings into large aggregates of capital. A major distinction between highly developed and industrialized economies and underdeveloped economies is the lack in the latter of effective markets for mobilizing individual savings of their people.

#### The Objectives of the Federal Reserve

The task of the Board, as I see it, is to formulate regulations with two principal objectives. One is and practice that the Board's to permit adequate access to credit margin regulations applicable to ecurity was not formulated to restrict the perform their basic economic are secured by registered or unfunctions. The other is to prevent from becoming excessive. The rying registered stocks. tices and inadequate disclosure of latter helps to minimize the danger of pyramiding credit in a rising market and also reduces the danger of forced sales of securities from undermargined accounts in a

Regulation T applies to loans made by brokers and dealers in securities to their customers. It prescribes loan values — that is. sets margin requirements—on securities that are registered on a stock exchange. Except for specif- avoidance of any leakage that ic exemptions, it altogether forbids brokers to make loans to regulation. designed to function so as to en- customers to purchase or carry securities where no collateral is by banks to customers other than currently aggregating more than offered, or where the collateral brokers and dealers for the stated offered consists of securities un- purpose of purchasing or carrying registered on a stock exchange, securities (excluding U. S. Gov-

prohibition are obligations of the about \$11/2 billion today, around \$75 billion, has added to the dements and some instrumentalities late 'Thirties and no doubt much thereof. Only on these exempted smaller than in the late 'Twenties. securities are brokers permitted to The amount of bank loans to establish their own loan values.

The loan values for the purchase or carrying of registered securities which have been imposed amount is roughly three times as by this regulation have been consistently small by historical stand- and about the same as that in the ards, i.e., mergin requirements late Twenties, when brokers were have been high. Most of the time obtaining a large part of the r under the regulation margin requirements have ranged between 40% and 75%, with one brief period of 100%. During the 'Twenties, margin requirements imposed by individual brokers were customarily 25% or less, with 10% margins not uncommon.

Over the life of Regulation T. loans on securities by brokers to their customers, as measured by customers' debit balances, have been as low as \$500 million and as high as the present figure of \$2.6 billion. From the autumn of 1953 through February of this year they rose from \$1.6 billion to \$2.6 billion, which is the highest figure since 1931 when the statistical series on customer borrowings from brokers began. Comparable figures for the 'Twenties are not available, but borrowings by brokers and dealers, which are generally smaller than brokers' loans to customers, ranged from \$1.5 billion to \$8.5 billion between 1923 and 1930. It is estimated that borrowings by brokers and dealers currently do not exceed \$21/2 billion, excluding those against U. S. Government securities.

In Regulation U, relating to security loans made by banks, the Board is faced with a different problem. First, the law reaches only to bank loans for the purpose of purchasing or carrying registered stocks. It exempts loans which are secured by bonds and those which are not for the purpose of purchasing or carrying registered securities. Second, the nature of the banking business itself makes the problem different.

Whereas brokers confine themselves largely to making loans for the purpose of purchasing or carrying securities, banks make loans against security collateral for a wide variety of purposes, personal as well as business. Banks also make loans on a wide variety of other collateral and on the general credit worthiness of financial standing and established character of borrowers, and the funds made available from these loans may, without knowledge of the banks, be used by customers for various purposes.

#### Basis of Regulation U

In view of this wide diversity of bank lending operations, the Board, in formulating Regulation U, has sought to avoid the effect of unduly burdening the extension of credit through the banks for all of these purposes. It is chiefly for these reasons of law banks relate only to loans which registered stocks and are used for the purpose of purchasing or car-

process ran the risk of leaving credit might leak into stock market speculation. This was a calpediment to constructive fi-

Federal, State, or local govern- three-fourths larger than in the brokers and dealers on such securitles is estimated currently not to exceed \$21/2 billion. This large as that in the late 'Thirties borrowing from nonbank sources. The volume of bank credit extended to brokers and dealers over much of the period of the regulation has fluctuated within a relatively narrow range, although it has generally followed an upward path since the end of 1948. From the autumn of 1953 to early this year, bank credit to brokers and dealers, which includes underwriting credit, rose about \$1 billion. At no time since the regulations were adopted in mid-thirties has the total amount of bank credit for the purpose of purchasing or carrying securities been a large proportion of commercial bank loans and investments.1

On the basis of a recent survey requested by this Committee and covering 271 banks in selected large cities which make most of the loans collateraled by securities, we estimate that early in February all member banks had outstanding \$7.2 billion of loans on securities, including loans against U. S. Government securities. About \$4.2 bill on of this total were estimated to be loans made for the purpose of purchasing or carrying securities. Of purpose ioans, almost \$2.9 billion were to brokers and dealers and about \$1.3 billion were to others. The remaining \$3 billion represented all security loans made by banks to individuals and businesses for other purposes than the purchase or carrying of securities. Even though some leakage of bank credit into stock market uses may occur through the avenue of loans not designated for the purpose of purchasing or carrying securities, the relative amount of such leakage cannot be large in the ag-

A more likely and less discovered avenue of leakage of bank credit into stock market uses is through loans secured by collateral other than stocks or unsecured. This is a type of credit that could be used speculatively by "empire builders" in their attempts to acquire financial control of corporations. This kind of credit may not be large in relation to total bank credit, but it certainly could be important in formed with offices at 188 West individual cases. However, the problem of preventing an excessive flow of credit into the stock market through this avenue is an extremely difficult one with which to deal from a regulatory and Hyman J. Goynshor, Secrestandpoint without interfering un- tary and Treasurer. duly with normal banking ac-

Although the volume of stock market credit since Regulations T and U were imposed has not been large by historical standards, a considerable percentage of total based in part on credit. This does From the beginning, the Board not mean that borrowed funds has realized that regulations ap- have financed a corresponding plicable to this intricate lending portion of stock trading. Margin customers have had to observe loopholes through which bank the margin requirements and to use their own funds for a large part of the financing. There is culated risk which was believed little doubt that the use of credit to be preferable to detailed rules in stock transactions adds to total that would impose a greater im- demand for securities but this is true of all use of credit. For exnancing than could be justified by ample, use of instalment credit, which today totals in excess of \$22 could result from the existing billion, has added to the demand for consumer durable goods. Simi-The amount of credit extended larly, residential mortgage credit,

mand for housing.

It is important to look at the whole picture of credit outstanding in the economy in order to see in correct perspective the over \$4 billion of direct stock market credit and the \$3 billion of other security loans by banks. Total credit in the economy since the end of 1946 has increased from about \$400 billion to around \$300 billion. Of the increase of nearly \$200 billion, about \$80 billion was in business long-term and shortterm credit, over \$60 billion was in urban mortgage credit, \$20 billion was in consumer credit, \$20 billion in State and local government debt, and the balance was distributed among other sectors, The increase in loans for purchasing or carrying securities probably did not exceed \$2 billion over this period.

#### What Is "Excessive Use of Credit"

As I have emphasized, the statute enjoins "excessive use of credit" in stock markets. It is difficult to define what constitutes "excessive use of credit" in stock markets, or for that matter in any field. It is largely a question of judgment and not merely a satistical computation. as stock markets are concerned, however, it seems to me that there are certain signs or symptoms of unhealthy tendencies when businessmen or the public generally become unduly preoccupied with stock markets and stock prices. An unsound speculative psychology may then develop that can have adverse effects throughout the economy.

Margin requirements are a comparatively new device in the arsenal of central banking. As I indicated at the outset, they are not and cannot be cure-alls for stock market excesses or abuses.

An inquiry such as this committee is conducting is useful and constructive. It sheds light on important aspects of the economy and its functioning. It enables the Congress to ascertain how regulatory measures are operating and whether they are adequate or need modification. Finally, it seems to me, it serves to remind us all that the underlying strength of the nation depends not only on wise laws and regulations but upon enlightened leadership and good morals in the market place.

#### Real Estate Income Plan

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — The Real Estate Income Plan, Inc. has been Randolph Street to engage in a securities business. Officers are David R. Landau, President, Bernard S. Lauren, Vice-President,

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Special to THE FINANCIAL C LOS ANGELES, Calif.-Louis A. Roselaar is with E. F. Hutton trading by the public has been & Company, 623 South Spring

#### Joins Richard Harrison

(Special to THE FINANCIAL CHRONICLE) SACRAMENTO, Calif. - Kay Hamatani has joined the staff of Richard A. Harrison, 2200 Sixteenth Street.

#### With Dempsey Tegeler

(Special to THE FINANCIAL CHRONICLE) ST. LOUIS, Mo.-Frank L. Cox, Jr., has become associated with Dempsey - Tegeler & Co., 407 North Eighth Street, members of the New York and Midwest Stock Exchanges.

<sup>1</sup> Currently total loans and investments of all commercial banks amount to \$156 billion, of which \$70 billion represents The securities exempted from this vernments) is estimated to be loans and \$36 billion investments.

## Stock Market Rise—A Rebirth Of Confidence in Free Enterprise

By HON. GEORGE M. HUMPHREY\* Secretary of the Treasury

Secretary Humphrey stresses the importance of a healthy stock market to a growing economy, and holds "widespread ownership of American industry is to be encouraged." Says market place itself has done much to foster public understanding of its aims and accomplishments, and warns of the danger to the economy in destroying confidence in the future of investors. businessmen, and the great mass of the people.

to consider economy.

A healthy stock market is one of the evidences of a strong and growing nation. The 41/2 billion shares listed on the organized ex-



George Humphrey

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changes alone are impressive evidence of the effectiveness of markets throughout the country in meeting the needs of our dynamic economy. These 41/2 billion shares represent investment by millions of savers throughout the country. Many millions of them own stocks directly. Many millions more have an interest in stock ownership through the pension plans where they work or through the financial institutions that handle their life insurance and other savings Colleges, hospitals, religious and charitable institutions, scientific and other research centers, and many other endowed funds also rely heavily on stock ownership.

These billions of shares are truly shares in America. They represent the ownership of American business and property. They are the fountainhead of more and better jobs—the invested savings through which the inventive genius of America can find expression in the development of new products and methods.

Widespread ownership of American industry is to be encouraged. A dynamic economy is synonymous with increased emphasis on corporate financing through stock issuance rather than by going further and further into debt. And the success of new risk-taking enterprise is peculiarly dependent on equity financing. A healthy stock market is essential if the role of equity financing in corporate finance is to flourish.

#### The Role of Government

Your Committee's study presents an opportunity for increased public understanding of the market and its functions at a time when it is a matter of broad public interest. It is also an opportunity to define more clearly the government's place in relation to the stock market's operations. The role of government should be to do what it can to assist in making stock market activity contribute to, rather than detract from, the soundness of our financial struc-

This takes two forms. Both are important.

The first involves the supervisory responsibilities of the Securities and Exchange Commission. These are designed, as we all know, to insure fair and honest markets in securities transactions on the organized exchanges,

\*Stateemnt by Sec'y Humphrey before the Senate Committee on Banking and Currency, Washington, D. C., March 15,

I am not here today to sav that through adequate public informathe market is either too high or tion on proposed new security istoo low. I gave up years ago try- sues, adequate periodic company ing to figure out the stock market. reports, and the regulation of But I am glad trading on these exchanges.

The second involves Federal Rewith you the serve Board regulation of margin importance requirements, in order to help of a healthy supply sufficient credit but not stock market excessive credit in stock market to a growing trading. These elements of government supervision, together with the contribution of government agencies in making available an increasing flow of valuable statistical information on matters atfecting the securities markets. are of major importance.

#### Impact of Government Policy

Even more important to a healthy market, however, is governmental policy in assisting the achievement of a broad, sound financial base for economic development. Such a base must rest primarily on the continued stability of the dollar, with reasonably stable buying power. This means a budget that is under control and headed for balance. It means a public debt that is prudently managed. It means a tax system that is fair and equitable—one which minimizes tax barriers to the initiative of workers and investors alike. It means monetary and credit policies which will operate through the exercise of broad general powers rather than through a crushing maze of direct controls.

This is the way of confifidence in the future of America is built. Such confidence is the very lifeblood not only of a healthy stock market but of a vibrant growing economy. Government action at best can only assist to influence the broad direction of healthy markets - whether they are for stocks, for bonds, or for commodities. The real success of these efforts must rest squarely upon the people of the United States-as investors, as managers of business enterprise, or as brokers or stock exchange members.

The market place itself has done much to foster public understanding of its accomplishments and aims. Stock exchange studies are informative and useful. The function of enlightened investor services has assumed a new importance in stimulating constructive thinking

A healthy stock market can be visualized as one bear an appropriate relationship to earnings and to asset values, where stock yields have a reasonabl: spread in comparison to those of corporate bonds, where margin trading remains on a conservative basis, and where turnover is sufficient to maintain a broad active market yet avoids excessive speculation.

The price rise that has taken place in the stock market during the last year and a half reflects many viewpoints of millions of people and conditions not only here at home but from abroad. It is in part the rebirth of confidence in the functioning of our free enterprise system.

It is also perhaps reflecting a new phenomenon in our national life that is growing daily. The small savings of millions of Americans are being invested in securities in greater amounts than ever before. This wider invest-

chases in the market-it reflects need but things that they want. the rapid growth or pension funds If they lose confidence, they and other group inves.ments. What it means is that millions of people working in industry today have \$5 or \$10 or some such amount deducted from each pay check to, their future retirement, and a good share of that goes into stocks and bonds. They often do not realize it, but these small savings multiply into hundreds of millions of dollars of security purchasers, which is making millions of people in:vestors in American industry who had never thought of doing it before. These purchasers are largely for long-term investment and so tend to continually work to lessen the floating supply of the securities they buy.

#### Margin Buying

We are watching attentively the conditions which the new higher level of the stock market is creating. Federal Reserve action in January in raising margin requirements was, we believe, a desirable thing. Buying on margin isn't nearly as impotrant as it used to be, but we want to be watchful to see that credit in the stock market—just like all other kinds of credit - doesn't exceed the reasonable demands. The Federal Reserve action simply served as a reminder that caution should be used in making commitments. The offering of the new Treasury 40-year bond in February may also have been helpful in offering an attractive alternative form of investment.

#### Cautions Committee

There is just one word of cauyou: Confidence-or lack of ithas more to do with conduct of investors, businessmen, and the than any single thing. If there is badly injured or destroyed, is confidence in the future, in the stability of the economy, and in the maintenance of jobs, the American people continue to buy the things they need and the things they want. But most American families are in position today to buy more than the they have confidence, they buy Douglass & Co.

ment isn't just individual pur- things that they do not absolutely postpone or cancel those purchases.

> Businessmen either move forward with plant expansion-with the creation of new jobs-or they are cautious and restrained, based on confidence. And investors are perhaps more sensitive than any in governing their conduct in tion in the Southwest. confidence they have or lack.

Confidence is a subtle thing. It is built slowly and can be easily shaken. It manifests itself in many ways. A crowd leaving a theatre at the close of a play will walk out in orderly fashion in short order. But if as the curtain goes down someone calls "fire," terror can reign and great injury result.

It has been said many times that this inquiry is a friendly study, with the best of intentions, and only to obtain more knowledge. More knowledge is always a good thing. But as criticism of the government and suggestions for restrictive actions have been made from day to day before the Committee and in the public press, with discussion of restrictive action that the government might or might not engage in, they can easily contribute to a questioning of confidence and uncertainty as to what the future may hold.

A feeling of condifence in the future has been strong and has moved up on a broad front for the past several months. Business activity has been expanding and Exchanges. this month that we are in today may well be one of the highest months of activity we have ever tion that I want to leave with had in our history. We are on sound economic ground, based on sound economic principles, and there is no reason why we should great mass of the people generally not go forward unless confidence

#### Lloyd Arnold Adds

(Special to THE FINANCIAL CHEONICLE)

BEVERLY HILLS, Calif.-John McCarthy has become connected with Lloyd Arnold & Company, 404 North Camden bare necessities of life. When Drive. He was formerly with sippi Valley Building, members of

### A. K. Choate Joins C. N. Burt & Co.

DALLAS, Tex. - A. K. Choate has become associated with C. II. Burt & Company, Kirby Building, as corporate manager, supervising stock and underwriting. Mr. Choate was formerly representative for Axe Securities Corpora-

### Leo Youngs Joins D. B. Fisher Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. - Leo N. Youngs has become associated with D. B. Fisher Company, Buhl Building. Mr. Youngs was formerly with Carr & Company in the trading department.

#### Joins A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Lawrence D. Fitter has been added to the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

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(Special to THE FINANCIAL CHRONICLE)

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(Special to THE FINANCIAL CHRONICLE) ST. LOUIS, Mo .- Olin W. Shell is with White & Company, Missisthe Midwest Stock Exchange.

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March 16, 1955.

## Facts About Universal Training-Compulsory Reserve Proposal

By JOHN M. SWOMLEY, JR Director, National Council Against Conscription

Mr. Swomley discusses proposed Universal Military Training and Compulsory Reserve as submitted by President Eisenhower and now pending in Congress. Points out reserve units would not be immediately ready for war duty, but would require re-training, and therefore, questions the advisability of expending billions of dollars and mllions of man-hours in universal and reserve training that would have to be repeated and could be of no use to those who were deferred as essential workers.

proposal to build a five million man compulsory reserve in peace-

time. It is new and radical for America, though it is a very old system upon which Germany, Japan, France and Poland relied prior to their defeat World War II. The plan



John M. Swomley, Jr.

the Pentagon would require every veteran of two years military service to spend six years in the Reserves and every veteran of six months training to spend nine and a half years in the Re-

though boys may volunteer for a forces or the reserves if they do so before they are drafted. A limited number, to be fixed each year by the President, may enlist between 17 and 19 in the Army for six months followed by 91/2 years in the National Guard. Under this program no physically and mentally fit boy would escape 8 to 10 years of enforced military service.

The reason for this new proposal, according to General Eisenhower, is to have "forces trained for every emergency, should an aggressor be so criminally unwise as to attempt an atomic attack."

On the surface this might seem to have some merit. Three million boys in a Ready Reserve and two million in a Standby Reserve, all of whom have been trained in advance for any war that might break out.

A more careful look, writes Hanson Baldwin, the New York fantry Journal, September 1949.

Congress will soon have to de- "Times" military analyst, reveals cide upon a new and radical that "The Reserves are not and never can be, even with the New Look, an M-Day force completely equipped and trained for action at any moment.1

#### Would Reserve Units Need Retraining?

If after six months or two years in the Army, a young man is placed in the Reserves he would be involved a night a week in drill and 17 to 30 days each summer in military camp. He would probably be in school or working and would not be either in physical condition for war or abreast of new weapons and tactics. If called up he would still need retraining before he could be put into combat organization. General J. Lawton Collins, Army Chief of Staff, pointed this up in connection with the Korean War, by writing Senator J. Allen Frear of Delaware a letter which contained these sentences:2

"I can assure you, however, that This is a conscript program no troops will be shipped with these divisions (to Japan) who particular branch of the armed have not completed their required weeks of individual basic training or intensive refresher training for those men who have had prior service in the Army, including a previous full course of basic training. After long experience, it has been found that this length of training is sufficient to make certain that each soldier may become fully qualified with his weapons and trained to take care of himself in the field."

When men are sent into combat in groups such as battalions, regiments, divisions, they must have not only their basic training but training as a group. Without such training the men are virtually helpless, as the following excerpt from an Army Ground Forces study shows:3.

"The substitution of one tank battalion for another in an in-

1 New York Times, June 26, 1954.

2 March 14, 1951.

fantry division appears on paper as a matter of no great moment. To the persons concerned it is little short of catastrophic.'

Unit training takes time and is not performed by U.M.T. Such training must be given to troops after they have been mobilized into the units in which they will fight. As an Army account points

"Under ideal conditions, mobilization would synchronize on the one hand with the production of equipment, so that troops would not be organized faster than weapons became available for training or combat, and on the other hand with general strategic pians so that troops would be ready in the necessary types and numbers, organized, trained and equipped as operational requirements developed. It was wasteful of manpower to induct men before equipment was available for training, or to train them too long before they were required in operations."

When the Army called up Reserve units for service in Korea they had to be retrained despite their previous training. A report in the Feb. 11, 1951 New York "Times" said:

"If developments overseas compel the Army to send National Guard divisions abroad now they probably will get noncombat assignments. They are not ready yet for fighting and may not be before Spring or early Summer. This includes the four divisions brought into Federal service last September. . . . The reason is that it takes time to train and equip a division to operate as a complete coordinated military entity. This does not mean that the Guardsmen were by any means raw recruits. On the contrary they were familiar with their weapons and other equipment and, as individuals, well trained soldiers, but they had worked only in small units. They were far from ready to go into the field to operate in corps or armies.'

General Mark Clark said "that it should take about seven months to bring National Guard units to operational readiness and from seven to nine months to fully train the Organized Reserve Corps units," according to a report in the Oct. 26, 1950 New York 'Times.'

This summary of the inadequacy of Reserve units reveals that those who have had their Universal Military Training or service, and who are thereafter placed in the Reserves would, after being called back to the Army, have to undergo lengthy and extensive training before they were ready for war.

Even if we could make the unwarranted assumption that boys were fully trained and ready for combat after having had UMT and some Reserve experience, there would still be need for specific training for the kind of warfare into which units were to be sent.

The soldiers fighting in Korea in the early days of that war were Regular Army men, who presumably had received training beyond anything contemplated by UMT and subsequent Reserve duty. Yet observers of these men in action revealed that they were not ready. Joseph Fromm, regional editor in the Far East for the "U.S. News," wrote: "I would say that the American soldiers who went in from Japan were not in very good shape. There is a feeling they were not properly trained General J. F. C. Fuller, Britain's ablest military analyst, put it this way: "What's wrong in Korea is something different. You just cannot expect soldiers to be at their best when they are not properly trained for the task they are expected to do. . . . The Americans

Continued on page 28

4 Mobilization of the Ground Army, page 195 of volume entitled U. S. Army in World War II, Army Ground Forces. 5 United States News, Aug. 18, 1950.

## From Washington Ahead of the News

By CARLISLE BARGERON

The ladling out of billions of dollars around the world by this government since World War II has been determined by many things other than the ostensible purpose of saving the "Free World" from Communism-such as, for example, the desire of

American businessmen to get rid of their surplus goods. But the amount to be spent in the future on foreign aid, specifically for the fiscal year beginning next July 1, will be determined in no small degree by the resourcefulness of Harold Stassen, Ye Childe Harold, as he is referred to generally in Washington political circles, by virtue of his having held claim for so long to the leadership of American youth. At the 1948 Republican Presidential Convention in Philadelphia his publicity man paid a group of teenagers to follow him around squealing like Sinatra fans. American youth demanded Stassen, they chorused.

The anti-spenders have been pressing down on Harold ever since the Foreign Operations Administration was created and he was placed in charge. Foreign aid was taken from the

State Department by the Eisenhower Administration and given to Harold. Secretary of State Dulles was glad to get rid of it. Harold proceeded to build up a staff of 7,000 employees. The determination of the anti-spenders in Congress, notably Senator George, has been to let him have his fling but not renew the life of his FOA after June 30. A reduced foreign aid program then, if everything goes according to schedule, is to be turned over to other governmental agencies, some of it possibly to the Commerce Department under the very conservative Sinclair Weeks. Under this plan, Stassen would likely land with the State Department as an assistant secretary but not as the ruler of the foreign aid empire he now has.

But this omits his resourcefulness. With apparently all of the Washington government influences against him except Dulles, he is far from being downed. Every time Secretary of the Treasury Humphrey goes to the Capitol or has to leave the city he figuratively tells his aids to keep an eye on Stassen and his new ideas of how to continue giving away money abroad.

With Europe pretty much saturated with American aid and it becoming increasingly difficult for the most expert spenders to justify further giving away there, Stassen has turned to Asia.

Several weeks ago, Secretary Humphrey was attending one of those international conferences at Rio when Stassen announced a Marshall Plan for Asia. Humphrey was in the act of telling the Latin Americans that the foreign aid monkey shines had to stop when he got word of Stassen's pronouncement and his jaws almost locked. He hastened to see President Eisenhower on his return to Washington and the Marshall Plan for Asia was squelched.

Harold presently took off for a 30,000 mile tour of Asia and he has just returned with another idea which he says he has sold to the President, not on the scale he would like, but sort of a get your foot in the door proposition. This would be a \$200 million 'grant and loan" program to help the Asian countries to deal with each other, not only improving the lot of these countries but also taking the pressure off them to sell to this country and, therefore, lessen the demands in this country for tariff protection. A lot of problems facing the Administration would, in fact, be solved, Harold says in his disingenuous way.

The sum involved is not much; indeed, it is only about onefifth of what he would like to get. And the \$200 million, in the manner in which Harold says the President has accepted it, would come out of the \$11/2 billion which the President has requested in next fiscal year's budget for foreign economic aid, as distinguished from direct military aid of \$2 billion.

But what Harold considers as his accomplishment is that this \$200 million would be a separate fund, administered by a separate agency, and presumably an agency under his direction. It would be nothing like the spending domain he now has, but it would be his own little project, and my guess is that it would hold pretty much all of his present staff.

As of this writing, Secretary Humphrey hasn't publicly reacted to this latest idea of Stassen's and there has been no public comment in Congress. But he is not so popular on Capitol Hill. In his rather brilliant career after becoming Governor of Minnesota at the age of 30, he has stepped on a lot of toes.

#### With Blair in Chicago

(Special to The Financial Chronicle) CHICAGO, Ill. - Richard C. Rasmussen is now associated with Blair & Co. Incorporated, 105 South La Salle Street. Mr. Rasmussen was formerly with North American Securities Co., of San Los Angeles, Inc. Francisco.

#### Joins Eastman, Dillon

(Special to THE FINANCIAL CHRONICLE) CHICAGO, III. - Robert M. Barnes has become affiliated with Eastman, Dillon & Co., 135 South La Salle Street. He was formerly with White, Weld & Co. and Lazard Freres & Co.

#### Waldron Co. Adds

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif. -Everett E. Berg has become affiliated with Waldron & Company, Russ Building. He was formerly with Coombs & Co. of

#### Joins Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif. John W. Morgan, Jr. is now with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the San Francisco Stock Exchange.

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Dated: March 15, 1955

## We Can Expect a Sustained **Housing Demand**

By GEORGE CLINE SMITH\* Economist, F. W. Dodge Corporation

Construction economist, asserting the demand for new singlefamily homes will remain strong despite the current reduced level of new household formation, estimates contract awards for single-family homes are running 60% ahead of last year. Holds, though there may be some tapering off of new construction, the demand for housing will remain strong, because: (1) it is cheaper to own than to rent a home; (2) the increase in age of population means a higher percentage of home ownership; (3) the current high birth rate will result later in more families, and (4) the shorter work-week makes "a houseand-yard" more attractive. Denies there is a speculative boom as in the 1920's.

thing of a business slide. It was true that in dollar terms, we are a rather peculiar affair which be-building about three times

our history and plunged us all the way down to the second best. During this reluctant recession, the construction industry went merrily along setting new record after new record. Nearly every analyst who has given this

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Dr. George C. Smith

strange state of affairs a backward glance has credited construction with having prevented the slide from being worse than it was; and most also say that the industry played a vital part in converting the downturn into an upturn. This isn't at all unreasonable, because construction, running at about \$50 billion a year, is by far our largest processing industry; and what happens in construction can't help three-fourths as high as the 1926 but fan out through the rest of the economy like ripples in a

Now that the general recovery is a fact, however, there are those who, with perhaps a touch of ingratitude, look on construction as a budding delinquent. Things are just too good to suit them.

I have long felt that economists would do well to study more psychology and less higher mathematics. There's a mental quirk known as "acrophobia" which may explain something of the state of mind may of us are experiencing now.

The dictionary defines acrophobia as "morbid fear of high building enough?" There's con-places." Most people experience siderable evidence that in at least Most people experience the disease at one time or another, atop ladders or high buildreason that there is also such a thing as economic acrophobia, a morbid fear of high levels of business activity.

the solidity and safety of the the question, "Why do we build?" structure holding them up—so it might be well for us to take a detached look at the structure underlying our present level of con-

#### Is There a Building Boom?

All too often lately we have heard our present construction prosperity referred to as "the building boom." I think this catch phrase, for all its alliterative attraction, is a mistake. To me, a boom is a speculative overexpansion which is followed by a bust provide shelter; schools provide the sort of thing that happened in the 1920's.

If we compare what every one will agree was such a boom, in the peak years of 1926 and 1927, we find a world of difference

\*An address by Dr. Smith before the Annual Savings and Mortgage Confer-ence of the American Bankers Associa-tion, New York City, March 9, 1955.

Last year the nation had some- from the present situation. It is gan in the best busines, ear in as much as we did then. But the dollar is a rubber yardstick, and it is a far smaller thing now than it was in the 1920's. That's the first big difference.

The second difference is that the country has grown enormously in the past 30 years, and a bigger country just naturally ought to build more.

A third difference is that public construction, which is nonspeculative, is a bigger share of the total than it was in the 1920's.

To draw a fair comparison, we can take private construction outlays, the area most subject to possible speculative dangers, deflate these outlays by using an index of construction costs, and then adjust for the growth of the country by putting them on a per capita basis.

comparision of private construction per capita in constant dollars; and having done it, we find that today's volume of private construction is approximately

thought, we could also compare United States will rise by about private construction spending with the total output of the economy, which is commonly known as Gross National Product or GNP. In the peak years of the in 10 short years. 1920's private construction was equivalent to about 13% of GNP; in 1954 it was barely 7%.

In short, to the question, "How long can this construction boom "What boom?"

#### "Are We Building Enough?"

The real question is, "Are we siderable evidence that in at least some lines, like schools and highways, we aren't coming close to ings. By extension, we might meeting current needs, not to mention accumulated backlogs.

The foundation of the construction industry is the demand for building. To judge whether that Acrophobia in many people can foundation is solid or not, we be cured if they are convinced of must begin at the beginning with

> We are all famil'ar with the common division of manufactured items into consumer goods and producer goods. I believe that exactly the same distinction can be made for most types of construction, although the concept may seem a little unfamiliar at first.

Some buildings are truly end products. They themselves satisfy a need. They are used directly by the ultimate consumer. Homes education; churches fill a spiritual need; hospitals provide physical care. These and similar buildings I would call consumer types.

Other buildings are part of the productive process. They are used ties, stores, and offices are, there- of its parts, at least in the short

than consumer buildings.

in the case of an automobile facthe same family, there is one for buildings rests upon (1) peo- are in store. ple; and (2) their incomes (modiportion of their incomes they will allocate to saving or to spending construction demand is the product of the number of people times the purchasing power they are able and willing to put into con-

make construction forecasting easy, but it does help to explain the brass tacks of the industry. we take refuge in the old phrase that has gotten many an economists out of a tight spot, all other things being equal, more people with more money will mean more construction. This seems absurdly obvious, but it is surprising how often any of usmyself included - can overlook this simple fact.

Applying the formula to the question of what's ahead for construction, we can come up with the first part - people - very handily.

This country is growing, in absolute numbers, faster than it ever has before. Last year set a new record for babies born; and when deaths and immigration are taken into account, 1954 also was a record year for net increase in population.

Our population is now climbing If we do this, we will have a at a rate of about 2,800,000 persons a year. I wonder if we realize just how many people that is. At the current rate, we are adding the equivalent of the entire Chicago metropolitan area, suburbs and all, every two years.

During this present decade of As a check on this line of the 1950's, the population of the 24 million. That is equivalent to annexing the entire population of Canada and Cuba, with a good bit of Central America thrown in,

Imagine, if you will, the size of the market we are adding: Chicago every two years, Canada and Cuba every 10. That's a market an this construction boom for the consumer types of con-I would have to reply, structon, directly, because these people must be housed and cared for and taught; and since these new citizens will demand more and better goods (and so will the other 163 million of us already here) there will be a market for factories, stores, utilities and other types of producers' construction.

So much for people. How about the second factor, money?

#### The People Have Money For Homes

That, too, is fairly simple. In spite of last year's pecunar recession—which dropped us all the way from the best year in our history to the second best-the take-home pay of the public remained high. (That's an understatement. Actually, disposable personal income of Americans in that recession year was \$253 billion - a new all time record.) Every bit of evidence at present points to another new record for this year.

With incomes and population growth at an all time high last year, we shouldn't wonder that 1954 was also a peak year for construction. New records will almost certainly be set for all three of these highly important

economic factors again in 1955. So far we have been talking in making and distributing other about construction in general; and goods and services that are de- what happens to the whole won't sired by people. Factories, utili- necessarily be true of any one

fore, producer buildings, rather run. The construction industry of a home providing shelter di- manufacturer, construction has a response to changes in demand. changes in product-mix in the basic underlying fact: the demand past few years, and more changes

Of all the construction prodfied by their decisions as to what ucts, I imagine that residential buildings are of most interest to this audience; and certainly, on various things). You could housing is coming in for a good almost summarize the whole share of scrutiny in the press thing in a mathematical formula; and elsewhere right now. I'm afraid that we often tend to assume that housing is construction, neglecting the fact that the largest part of the industry is nonresidential; nonetheless, resi-This simple formula doesn't dential building is about a third of the total and is of particular importance at this time and place.

> We all know that residential building is at an extremely high rate. but, before discussing the implications of this situation, I want to call your attention to a couple of important housing facts which might otherwise be overlooked in the general excitement over the volume of activity.

> As every one is well aware, 1950 was the peak housing year in terms of units started. This year we will probably set a new record - but the composition of the housing output this year will be radically different.

#### The Emphasis Is On Single **Family Houses**

First, all the emphasis in the residential field today is on single-family homes. It is hardly an overstatement to say that the bottom has dropped out of the multi-family field in recent months. During most of the postwar period, according to our Dodge contract award figures, multiple dwellings have accounted for some 25 to 30% of all residential floor area built. But in the past year, this figure has even more evident in the early reports for 1955.

It will be worth exploring, for a moment, the reason for the sharp shift toward one-family homes--which is also a shift toward home ownership instead of renting.

1954. 'This audience knows, far have been in recent decades. better than I, the financial facts I suspect that the growth of back of the housing market.

But ability to buy-whether it may be compared to a large man- is based on cash position or credit But whether the demand for a ufacturing concern putting out a availability, or both — is just a building is direct, as in the case variety of products. Like the permissive factor. Simply being able to buy something isn't rectly to a family, or indirect, as product-mix which it varies in enough — there must be reasons why people buy. If prosperity tory to produce a car desired by There have been some significant alone were sufficient, the market for raccoon coats and tandem bicycles should be booming now. But people today don't want raccoon coats and tandem bicycles.

> In our preoccupation with the financial situation—a permissive, but noncausal factor-we often overlook important changes taking place in the basic background demand for housing, which explain much of the current emphasis on single-family, owneroccupied homes.

#### Renting vs. Owning

Unquestionably, the most important of these changes has been in the relative cost of renting versus owning. Studies made a few months ago by the Bureau of Labor Statistics reveal that the monthly out-of-pocket costs of home ownership are lower than rentals on similar property in most large cities. This study ignored the fact that a large share of monthly mortgage payments goes into equity; and when this factor is added in, the cash advantage of owning over renting becomes even more pronounced. High income tax rates play an important part in this situation, especially in the middle and upper income groups where tax-deductibility is a sizable offset to interest charges and property taxes.

Another change often overlooked is the age factor. The highest proportion of home ownership is found in the older age groups. and the aged make up the fastest growing segment of the population, percentagewise. It is apparent that the spread of amortized mortgages has had a lot to do with the higher proportion of home ownership among older reople. The improved financial position of dropped to 9%; and the trend is the aged, with the spread of pension plans and the establishment of social security, also plays a part.

At the other end of the age scale, we can find another important reason back of the emphasis on single-family homes. A family with children is much more Obviously, financial considera- likely to want and be willing to tions are important. Prosperity, invest in a single-family home high incomes, and relatively easy than a childless family; and the credit have made it possible for more children a family has, the more people to own homes than more likely this is to be true. The ever before. At least some of the four million children born last stimulus to the current rash of year, setting a new record, explain housing starts can be traced di- much of the single-family housrectly to the more liberal terms ing demand. Families are also beprovided by the Housing Act of coming noticeably larger than they

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## Our Interest in Europe's Welfare

By R. GORDON WASSON\*

Vice-President, J. P. Morgan & Co. Incorporated

Executive of prominent New York banking firm, in discussing our foreign trade situation, points out we are partners with Europe when it comes to world-shaking scientific and technological events of recent times. Reviews economic situation in Western Europe, and holds Europe no longer needs our aid. Pleads for wider disclosure by Western Nations of data on their trade with the Soviet bloc, and cites advantages to the West in the exchange of non-strategic goods with these Communist-dominated nations. Favors President's program of gradual tariff reductions.



R. Cordon Wasson

our surplus with not the faintest twinges of conscience at our own immorality. Just

a few weeks ago we were all set to dump our butter, regardless of the anguished cries of our friends in Denmark and New Zealand. Then came the happy announcement out of Washington that by spending a few cents more per pound, we could convert it all into something called ghee, a delicacy much esteemed in India! dispatches were bubbling with glee at the discovery of ghee, and now we are all on tiptoe of expectancy to learn whether our brand of ghee pleases the customers. If only it does, we shall be spared the painful necessity of cutting the throats of our excellent friends in Denmark and New Zealand.

But I am not going to talk to you directly about customs duties and trade restrictions. However much you may disagree among yourselves on details, you all know about them far more than I do. Before I finish my brief talk I shall have made clear my stand on these important matters, but I am going to get there by a somewhat unusual road.

#### The Revolution in Our Life

By an effort of the imagination I will ask you to remove yourselves in time from the generation in which we are all living. and to view this world of ours in the perspective of history. is it that makes this age different from every age of human his-tory that has preceded it? The answer, I think, is obvious: we are using the methods of science to learn more and more about this material world of ours, we are using that newly acquired knowledge to command the energies of this universe, we are releasing mankind from the slavery of unremitting toil to which in the past he was always condemned. Is that the whole story? No, it is not. For reasons that remain obscure, this revolution in the life of our race broke out some centuries ago in rope. What I am saying is a comthat tinv appendage of the Eurasian land mass that we call Eu- phere where the pioneering brains rope, and Europe along with Europe's descendants in our own known. Let those of us who spend country has remained the power- our days in the lowlier atmoshouse of this revolution down to phere of the marketplace never the present moment. Let me explain what I mean.

When you and I were in school, we studied the industrial revolution as a major event that took tory, Europe and we are partners place in the 18th and 19th cen- when it comes to the world-shakuries. How mistaken our teach-

\*An address by Mr. Wesson before the export Managers Club, New York City, March 15, 1955.

All tariff discussions are steeped, ers were! With ever quickening it seems to me, in a wry numor. pace, the scientific upheaval Most of us are old enough to re- rushes on all around us. New member the days when people sources of power and new techworked up a nological discoveries are changing fine lather of our environment almost faster righteous in- than the eye can follow. In the dignation application of these discoveries about the im- we Americans are in the vanmorality of guard, and for this there are sevdumping. eral obvious reasons. Our vast Now we our- natural resources are readily acselves are dis- cessible. Our labor force is more posed to dump mobile than in Europe, where the workman is tied by strong tradistocks abroad, tional bonds not merely to his own little country but even to the parish where he was born. Perhaps our labor-leaders in many instances are more enlightened in perceiving the folly of featherbedding, and our anti-trust laws discourage those combinations of employers that slow down technological progress.

> Furthermore, our taxes by favoring the extractive industries and allowing accelerated amortization of plant facilities stimulate innovations, stimulate the realization of drawing-board plans. Between the two wars we in America were increasing our man-hour output by a shade more than 2% annum. Since the second World War this has jumped to 3.7%, a pace that if maintained will spell an economic expansion of staggering reach. The rate of increase in Europe is lagging behind ours; it is only about 11/2%.

But let us not take all the credit to ourselves for this differential. The reason lies in the social structure of the Old World, certainly not in any inherent incapacity. Many of us talk, a little smugly, of the American way. But let us not forget that our cultural heritage, our ways of thinking and feeling, are the progeny of Europe, whence all of our ancestors came. The industrial revolution was born in Europe. In every aspect of cultural activity Europe for centuries has been a veritable powerhouse, and it still is. We in America in our top-level work in all these fields are doing well. better indeed than many Europeans realize. But if we are honest with ourselves, we must concede our heavy indebtedness, up to this very day, to the top-level thinking that goes on in Europe.

you that when we in America undertook the momentous experiment of atomic fission, the half dozen top-flight scientists engaged on that enterprise were borrowed from Europe. Our research laboratories, our university faculties, at the top-level, are richly fertilized by the presence among us of first class brains trained in Eumonplace in that rarefied atmosof our time are probing the unforget this.

#### Europe and We Are Partners

In the long perspective of his- trols. ing scientific and technological events of recent times. It is of the utmost importance for us Americans that our partners be self-

supporting and prosperous. To the everlasting credit of our country, it will always be said that at the end of the war 10 years ago, we lent a helping hand to Europe in the moment of her desperate need. But our aid would have been futire if Europe's own recuperative powers had not been strong and

Excluding for this discussion the hostility shown toward us by Ruscia and China, the big question in the world today is whether the be caused by our industrial progress can be kept under civilized political control: whether we can keep our economics going at a high level of output and employ-

concerned, we have been successpostwar decade. The pessimists up to now have been wrong.

Some of you may recall the chutes. alarming diagnosis of our prospects made in 1944 by a famous pany has recently purchased the Furopean economist, Gunnar Myrdal, the Swedish socialist. He unhe predicted with impressive self- and produces specialized coaxial confidence our catastrophic col- cables used by the electronic inlapse, an event that nothing could arrangement with Soviet Russia, will be expanded under the suas a hedge against the repercuslong ago Sweden ceased to turn as a subsidiary of International. to Myrdal for advice.

More recently, in 1953, the British economist Colin Clark, in the columns of "The Manchester Guardian," drew world-wide attention by his gloomy prophecies about our near future. In Europe it was believed that a slump here would be multiplied many fold in its repercussions there. As things turned out, our recession was mild and Europe, contrary to expectations, entered upon a phase of unexpected prosperity. Indeed, and this is a fact of major importance for you who are interested in imports and exports, Europe's purchases in our country last year were an important stabilizing influence in our threatened economy. Our investment in Europe's recovery was paying us dividends. Last year when our economy was slowing up, it was certainly true that no foreign market was unimportant.

I do not cite the European economists with their pessimistic forecasts in any spirit of condescension. A wise man profits by his critics' observations. Messrs. Myrdal and Clark placed us in their debt by checking any tendency on our part toward over-confidence. We Americans are chronic optimists, a pleasant but grievous weakness.

#### We Should Have Neither Deflation or Inflation

Yes, our country today is viress will hurry on. The big ques- ern states. tion is the political and administrative one. In the deepest sense this is the great experiment of our time. It is vital for us and the world that our economy continue to function well, with private enterprise enjoying at the same time the rewards of successful initiative. We must avoid the devastating constriction of deflation and the sweet corruption of inflation. We possess certain delicate instrumentalities to help us in this effort: the manipulation of our debt and budget and taxes, the various money and credit con-

But the powers themselves are not sufficient. They must be exercised with consummate art, an art one cannot learn from books, for

Continued on page 30

## **Connecticut Brevities**

the outstanding common stock of Cheney Brothers at the rate of \$20 cash per share. There are 239,115 shares of Cheney. Stevens has indicated that tender of at least 50% of the stock will be required to complete the transaction and that if control is acquired, the present deep dislocations that continue to management of Cheney will be continued. No change in its operations is contemplated unless future study or business conditions indicate that such change is desirable. Cheney, which is one of the oldest textile companies in the country, So far as our own country is and its subsidiary Pioneer Parachute produce silk and synthetic ful in this endeavor for the first fabrics; velvets, upholstery and other pile fabrics, curtain fabrics, glass fabrics, yarns and para-

The International Silver Commajority of the capital stock of Times Wire & Cable Co., Inc. of derstood our situation so well that New York, which has developed dustry for transmission of high long postpone. So sure was he of frequency signals. Manufacturing his prophetic gift that he got his operations of Times Wire will be country to enter into a vast credit moved to Wallingford where they pervision of its present managesions of our disintegration. Well, ment. Times Wire will be operated

> The Bassick Company whose main operations are located in Bridgeport has purchased the former Republic Metals Corporation plant in Bridgeport and as a result will move one of its production departments from New Haven back to Bridgeport. Above 75 employees are involved. The company now has four plants in Bridgeport with a total of about 450,000 square feet of floor space. Further expansion is planned.

A recent report of the F. W. Dodge Corporation, whose real estate reporting services in the real estate and construction fields cover the 37 states east of the Mississippi River and are the standard for the industry, indicated industrial building contract awards in 1954 for the 37-state area were down 25% below the 1953 level, while Connecticut showed a 101% increase for the period.

North & Judd Manufacturing Company, New Britain, preducer of buckles and related hardware specialties has purchased the spot and spot-setting machine business of Milford Rivet & Machine Company of Milford, Conn. In this connection the term "spot" refers to a metal ornament applied to leather, plastic or fabric. North & Judd will manufacture the Milford machines for its own use and for other nanufactures using metal spots.

The Tilo Roofing Company, Inc. brant with vitality-new ideas and is presently constructing a \$100,processes, and Europe is also. But 000 addition to its main plant at Just as an illustration, I remind do we have the knowledge and Stratford. The company, which skill to keep our economies on an manufactures home roofing and even keel? We can take it for siding materials, maintain disgranted that technological prog- tribution offices in 12 northeast-

The proposed sale of The New Britain Broadcasting Company, owner of radio station WKNB-AM and ultra-high frequency WKNB- Misakian has become affiliated TV, has been announced. The with Gibbs & Co., 407 Main St.

J. P. Stevens & Co., Inc. has presently outstanding 41,126 made an offer to purchase all of shares of capital stock will be purchased by National Broadcasting Company, subsidiary of Radio Corporation of America, at an approximate price of \$14.50 per share. NBC has announced that it plans to move the transmission facilities from Rattlesnake Mountain in Farmington to Mount Higby in Middletown-at a total estimated cost of about \$500,000. The office and studios of WKNB are located in West Hartford.

### Fuller Offers Asso. **Food Stores Shares**

S. D. Fuller & Co. is offering for public sale today (March 17) 400,000 shares of Associated Food Stores, Inc. capital stock at \$5 per share.

The company, incorporated Oct. 29, 1954, owns a modern warehouse in Jamaica, Long Island, New York, having approximately 200,000 square feet of space for storing and distributing foods. meats, frozen foods, cannel foods, dairy products, fruits and vegetables sold in food supermarkets. The company has entered into a contract to fill the transmitted orders of Associated Food Stores Cooperative, Inc., a cooperative corporation with 264 member stores, located in Manhattan, Queens, Kings, Nassau, Suffolk, Bronx and Westchester counties.

The proceeds of this financing will be used by the company in part for carrying larger inventories to service existing and additional stores; for additional working capital or for reduction of bank loans. Cooperative stores and predecessors have increased from 18 in 1942 to 264 in 1954 and annual sales have risen from \$236,000 to \$18,240,000.

Pursuant to the contract entered into between Associated and the Cooperative, the Cooperative is obliged to transmit to Associated all orders received from its member stores.

The company has granted to the Cooperative options to purchase 280,200 shares of capital stock of Associated Food Stores, Inc., at prices ranging from \$4.50 to \$5 per share at any time before Dec.

#### Joins W. E. Hutton

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio - Theodore F. Floridis is now connected with W. E. Hutton & Co., 42 North Main Street.

#### 2 With Remmele-Johannes

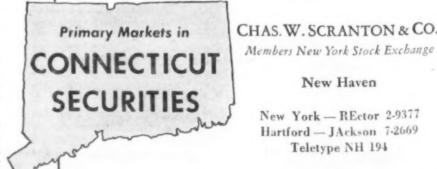
(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio-Omer M. Minnich, Jr., and Mrs. Florence G. Payne have joined the staff of Remmele - Johannes & Co., 1126 Oakland Avenue. Both were formerly with Slayton & Company,

#### Joins Gibbs & Co.

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. - Azad



CHAS. W. SCRANTON & CO.

New Haven

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## THE TEXAS COMPANY

## Reports for 1954



## Highlights

FINANCIAI.	1954	1953
Net income	\$226,140,761	\$192,600,078
Net income per share	8.24	7.01
Cash dividends paid	102,971,238	93,434,516
Cash dividends paid per share	3.75	3.40
Working capital (end of year)	474,193,629	484,710,549
Additions to properties, plant, and equipment	291,541,092	229,957,129
OPERATING	Barrels	per Day
Gross crude oil and condensate produced	443,337	433,137
Crude oil and condensate delivered by pipe lines	553,028	566,290
Refinery runs	559,532	543,210
Product sales	570,400	569,865

## Consolidated Balance Sheet - December 31

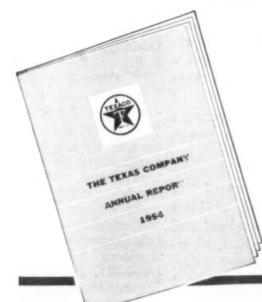
#### ASSETS

CURRENT ASSETS:		1954		1953
Cash and securities	. \$	246,382,362	\$	240,872,357
Accounts and notes receivable .		161,570,501		137,641,925
Inventories		234,157,603		253,234,834
Total current assets .	. \$	642,110,466	8	631.749.116
INVESTMENTS AND ADVANCES	. \$	129,627,399	\$	130,607,973
PROPERTIES, PLANT, AND				
EQUIPMENT—AT COST:				
Gross		2,237,157,552	\$2	2,008,507,919
Less—Depreciation, depletion, ar amortization		1,099,679,178		990,269,839
Net properties, plant, and equi	p-			
ment	. \$	1.137.478.374	\$	1.018.238.080
DEFERRED CHARGES	. 8	36.292,464	8	24,886,328
	8	1.945.508,703	\$	1,805,481,497

#### LIABILITIES

CURRENT LIABILITIES: 1954		1953
Notes, contracts, and accounts payable and accrued liabilities \$ 163,259,102 Estimated Federal income taxes (less U. S. Treasury obligations held for payment thereof: 1954—	\$	137,002,340
\$50,000,000; 1953—\$62,000,000) 4,657,735		10,036,227
Total current liabilities \$ 167,916,837	\$	147,038,567
LONG-TERM DEBT \$ 214,903,949	\$	219,527,543
RESERVES 9,570,189	\$	10,896,054
MINORITY INTEREST \$ 25,695,832	\$	23,766,960
STOCKHOLDERS' EQUITY:		
Par value of capital stock issued— 27,595,248 shares, \$25 each \$ 689,881,200	\$	689,881,200
Undistributed earnings employed in the business 837,540,696		714,371,173
Total stockholders' equity . \$1,527,421,896	\$	1,404,252,373
\$1,945,508,703	\$	1,805,481,497
	_	

## Consolidated Income Statement



GROSS INCOME: Sales and services	1954 \$1,574,369,713 121,425,721 \$1,695,795,434	1953 \$1,558,814,244 72,836,455 \$1.631,650,699
OPERATING AND OTHER CHARGES:		
Costs, operating, selling, and general expenses	\$1,178,320,296	\$1,145,040,752
Taxes (other than income)	51,167,709	48,809,509
Dry hole costs	28,915,616	31,548,693
Depreciation, depletion, amortization, and leases surrendered	160,983,444	151,375,379
Interest charges	6,738,852	6,695,979
Provision for income taxes	40,100,000	52,400,000
Minority interest in net income of a Canadian subsidiary	3,423,756	3,180,309
Millottly interest in the	\$1,469,654,673	\$1,439,050,621
NET INCOME FOR THE YEAR	\$ 226,140,761	\$ 192,600,078

A limited number of copies of the Company's Annual Report are available upon request to the Secretary, 135 East 42nd Street, New York 17, N. Y.

## Lessons of the 1929 Stock Market engenders is also much the same in different episodes. It is not so much one in which people are Boom and the Present Situation

By JOHN KENNETH GALBRAITH\* Professor of Economics, Harvard University

Harvard economist discusses nature of a speculative boom, and describes the 1929 experience and its consequences. Applies what he contends to be lessons from that episode to present stock market conditions. Says solution lies more in prevention than control, and holds the Federal Reserve in 1928 and 1929 could have curbed the boom. Decries proposed repeal or amendment of the Capital Gains Tax, and urges the government and the exchanges issue reiterated warnings about the dangers of runaway speculation. Admits, however, there are now new controls, among which is the Federal Reserve's power to raise margin requirements, and these may keep speculation in rein.

Thereafter I apply some of the lessons from that period to the present situation. I deal finally with some of the present - day problems of prevention and control of speculation.



market which has led to this investigation is, in the last analysis, a concern over speculation. Speculation, in turn, is the purchase, possession, or sale of an asset with a view not to use of income but with a view to realizing a capital gain.

J. K. Galbraith

A certain moral obloquy has always attached to the speculator, especially if he is unsuccessful. However, I assume that it is economic consequences and not public morals with which this Committee is primarily concerned. It is not speculation as an isolated act, but the speculative episode or boom which is of hope to make. importance.

speculative boom are twofold. new money lasts. Temporary set-There is a distortion of economic backs may actually encourage values during the period of spec- more people to come in to the be on making goods and becomes they are picking up bargains. The centered on making money. Under extreme circumstances all to various causes-the 1926 hurnoted that at the height of the ended the Florida boom, and frenzy that has come to be known many have suggested that the as the South Sea Bubble, "Statesmen forgot their Politics, Lawyers the Bar, Merchants their Tra fic, Physicians their Patients, Tradesmen their Shops, Debtors of Quality their Creditors, Divines the Pulpit, and even the Women themselves their Pride and

speculative bubble. Economic ac- helter-skelter rush to get out the tal appreciation. fected. The livelihood of people violent than the boom. to whom the market is a distant and remote phenomenon may suffer. These are matters to which I shall return.

The great speculative episodes features in common. All - the stock market boom of 1928-29, the Florida and boom of the midtwenties, the Iowa land boom fol-

In this statement I dwell first grounded on some element of on the nature of the speculative reality. Industrial activity was boom and then on the 1929 ex- rising in the late 'twenties as perience and its consequences, were corporate earnings. Taxes were being reduced. This was the reality behind the 1928-29 stock market boom. The Florida climate, on which the Florida boom was based, is very good most of the time. John Law, visiting Louisiana and the lower Mississippi after 238 years would find much to substantiate the brilliant prospects which were painted to French investors in 1717.

> However, it is also a featurehe critical feature-of the speculative episode that, after a time, market loses touch with reality. Speculation acquires a dynamic of its own. The factors index of the opposite. behind the original revaluation of the asset are no longer important. What becomes important is the single fact that prices are rising. Because they are rising and money can be made, more and more people are encouraged to try and get a share in the capital prices going up. The original cause of the price rise evenutally the beginning of 1927 and the bebecomes the merest excuse for optimism. People use it - the promise of a New Era, the superior qualities of Florida suntration-but only to explain the capital gains they are making or

The boom will continue as long The economic consequences of a as the supply of new people with ulation itself. Attention ceases to market on the assumption that end may in practice be attributed else is forgotten. An observer ricanes were thought to have failure of Clarence Hatry, the English promoter, precipitated the crash of 1929. In fact, the end always comes for the same funda-The more serious consequences Others then sell to avoid losses, these enterprises was almost exare from the breaking of the Prices break. Because of the clusively in their promise of capitivity is likely to be adversely af- bust is always a good deal more

Such is the pure model of the speculative orgy. There are other commonplace features. Since the on speculator is interested only in capital gains, he finds it onerous a maximum (briefly) of 20%. A new highs for all the averages were far from encouraging of the past have all had certain to have to put up the whole purchase price. Accordingly, he will seek some way of trading in the assets which gives him the capital gain but avoids putting up the lowing World War I, the various capital. In land speculation this is railroad and land booms of the usually accomplished by trading last century, the classic Missis- in binders or on the basis of down sippi and South Sea Bubbles- payments. In the stock market the have, in the beginning, been purpose is served by margin trading. It follows that the extent mittee, Washington, March 8, 1955.

1 Quoted by Viscount Erleigh, "The South Sea Bubble" (New York; Putnam, 1933), p. 11.

Of the stock market the volume of brokers' loans—is a valuable index of the amount of speculation.

The mood which

engenders is also much the same fooled as one in which they insist on fooling themselves. One result is that any suggestion that values are unreal—that things are less than wonderful - is fiercely resisted. Reassurance-explanations as to why things are sound-soon partakes of the proportions of a minor industry. Support is gained max this week when indus- prominent on losing ground from those who speak with most knowledge and authority. Shortly before the 1929 crash, Professor est drubbing in nearly five the market analysts fears are Irving Fisher of Yale University, years. But the list had expressed that any widea notable figure in American eco- enough vitality to bounce spread tieup of the auto innomic thought, reached his memorable conclusion that stocks were on a new high plateau. At coming close to a test of the annual wage strike would be about the same time, Mr. Charles year's low posted in mid- reflected quickly in steel mill E. Mitchell, the then highly influential Chairman of the Na-United States is absolutely sound.' He explained that too much attention was being paid to the volume of brokers' loans. There were met. hundreds of other such statements. All were received with approval. By contrast, Paul M. Warburg, a conservative banker and a lone voice of dissent, was the week's initial session Cerro de Pasco, Kennecott bitterly assailed when he criticized the current orgy of "unrestrained speculation" and predicted that, were it not stopped, one-day affairs since the in- Copper were able to recoup there would be a collapse and depression.

It need hardly be suggested that this tendency toward reassurance Committee such as this. The assertion that all is well can, under some circumstances, be a valuable

#### The 1929 Experience

Measured against any previous experience, at least since the gains. By doing so they keep the New York Stock Exchange this week. approximately doubled between ginning of 1929. They increased by another third in the first eight months of 1929. There was extensive public interest and a 1929, of which 1,371,920 were with trading. During the early months of 1929, when participation was assumed to be growing by leaps tion, even at its most extreme, is very much a minority enterprise. to get concerned.

There is no doubt, however, as to the preoccupation with speculative gains. During 1929 the in-

The volume of brokers' loans, in this period, was an especially in the light of this week's valuable index of the extent of the speculative interest. The rate work. And the rebound from brokers' loans during 1929 varied from a minimum of 5% to man would hardly pay these rates to enjoy yields on stock which, by the autumn, averaged a little over weeks. 3% on representative industrials.4 The person who held securities on margin on this interest cost and

2 Data are from Securities and Exchange Commission, "Stock Exchange Practices, Report." 1934. Pp. 9, 10.

3 Securities and Exchange Commission,

The mood which speculation Brief," January 1955.

## THE MARKET . . . AND YOU

By WALLACE STREETE

stock market reached a cli- hem, were a shade more trials were given their hard- than on regaining it. Among est drubbing in nearly five the market analysts fears are back sharply without even dustry through a guaranteed January. The wide swings operations. It has kept the tional City Bank, declared that made for nervous trading traders, at least, a bit cautious the "industrial condition of the subsequently with the ques- over new commitments. tion still moot whether any real support level had been

misconceptions arose out of once the pressure was off. which, for a time, looked like Copper, International Nickel. it might be one of the worst Reynolds Metals and Magma dustrial average lost \$16 on their losses in good style and Nov. 11, 1929. The phrase appear among the leading isposes an interesting problem for a up some rather exaggerated American Machine & Metals fears that even inspired a was something of an oddity somewhat apologetic tone in that it was able to post from the Senate committee some consecutive new highs conducting the study of the right through the selling. market. Actually 1929's worst one day was on Oct. 29 South Sea Bubble, the securities when the industrial loss came ing good ability to rebound speculation of 1928 and 1929 was to \$30, a far more drastic with the rest of them, neverone of remarkable magnitude. slash than the \$9.72 trim of theless, have worked well be-

#### **Technical Omens**

The technical omens so far in the correction are far from shine, a sound and conservative substantial public participation. comforting. Volume continor middle-of-the-road Adminis- However, it is not accurate to ues to dry up rather drastic-tration—but only to explain the suggest that everyone was playing suggest that everyone was playing ally on rallies and the breadth exchanges reported themselves as of the list contracts rather having 1,548,707 customers in readily when the tone is stronger. On the bright side earmarks of enlarging its Stock Exchange. An estimated is that the correction of range one way or the other 600,000 accounts were for margin roughly 7% from the all-time shortly. industrial high of two weeks ago is still within comfortable and bounds, the number of margin limits, with even a bit of accounts increased by only a little room on the downside before over 50,000.2 Securities specula-tion, even at its most extreme is the technicians would start sharp contrast with its nor-

The cumulative effect of mental reason. The supply of new vestment trusts marketed an esti- the selling did post some buyers has become inadequate to mated \$3 billion 3 worth of se- marks that carried back to about half a yearly range in who is seeking capital gains has crash new companies were being the outbreak of War II for 1953 or 1952. It hasn't been no interest in a stable market, organized at the rate of approxi- comparison. By contrast, the since the dour year of 1946 When prices level out he sells, mately one day. The interest in January setback that seemed that this issue has swung over vicious at the time and came as wide a range as the 30 to around a 5% correction in points covered in 1954-55 the industrials was moderate trading. the lows of that month meant in a little less than seven for their followers. They

> dividend return was obviously in- defense issues were well up most others in the division, Continued on page 37 in the van on both selloff and managed some moments of rally, Bendix Aviation, New- fair recovery but was still port News Ship, Douglas Air, United Aircraft and General Dynamics among the wider ical also beat a slow retreat moving issues.

The week-old selling in the Steels, except for Bethle-

#### Strong Spots

Non-ferrous metals, how-Some rather widespread ever, were able to do well 'worst decline since 1929" set sues in sparking rebounds.

> Cement issues, while showlow their recent highs for the most. General Portland Cement, which was split recently, has been holding in the lower bracket of its rather narrow range of less than 15 points built up since the change in capitalization. But it was back with the widemoving issues with all the

> One of the more depressing performances was that put on by American Telephone. In mally aloof and slow-moving style, it took to dipping a bit drastically with one day's peak decline approaching five points. That would have been

#### Chemicals Retreat

As a group the chemicals tended to sag badly and recuperative power for most was weak. DuPont, which Aircrafts and some of the has been swaying wider than working its way downhill overall. Allied Chemical, Monsanto and Spencer Chemoverall. One of the better acting was American Potash sues holding in what at best time in many weeks the new which was able to toy with had the appearances of being lows took over the lead its high with far more success a trading range. Detroit Edi- with 25.

1955

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particularly, with the help of it was over. some concentrated attention from the market analysts, was able to make the list of changes brought on by the new highs on some spirited waves of buffeting the list has Benjamin C. Chapman has joined demand. Some price increases been getting was a drastic de- the staff of Sutro & Co., 407 that had the promise of pro- cline in the daily new highs Montgomery Street, members of viding a pattern gave good which were running a hun- the New York and San Francisco at the Conference of the Central lifts to other members of the dred or more since February.

Stock Exchanges. Mr. Chapman States Group in the Didne Group of the Financial Chronicle)

Has recently been with Hooker & Fay and prior thereto conducted W. Jackson of William Blair & A. Clark is with Coombs & Company of Los Angeles, Inc., 602 Producing, New Jersey Stand- wave this was down to a his own investment business in Company is Chairman of the Edupany of Los Angeles, Inc., 602 ard and Richfield. Socony was meager five and for the first San Bruno, Calif. seemed a bit more urgent than warranted by the general market.

Automotive issues reflected mostly the concern over what promises to be a bitter wrangle as the unions begin their campaign for a guaranteed annual wage. Although they followed the general course of the market to a restricted degree, the overall picture was one of backing and filling pending developments.

Electronic and television issues turned in a performance that was largely meaningless. General Electric and Westinghouse went through mild gyrations that added up to little either way. Despite some wider swings by Zenith Radio depending on the market path, the performances lacked conviction although generally the issue has held pretty close to its high throughout.

A rather fat price increase in silver brought International Silver to the limelight and it was able when the going was good to turn in one of the better performances with at least one gain running to a handful of points. International Salt and Warren Foundry were among other specialties able to put a good show on occasion.

The rail pattern was influenced considerably by the swings of the industrials although their performance was definitely mild. Pennsylvania Railroad continues to rank high in overall activity although the continued widespread demand produced little decisive pricewise. Baltimore & Ohio was one of the better acting of the Eastern roads while Southern Rail was a bit more prominent on strength among the bettergrade carriers.

#### **Utilities Relatively Stable**

Utilities receded dutifully when selling was rampant but it was something of a lackadaisical performance in the main with the top grade is-

than the others in this section. son had some periods of mild [The views expressed in this article

One of the most marked

trouble while Panhandle Pipe do not necessarily at any time coincide today, March 17, to 24 graduates Oils were in better fettle Line resisted the selling and with those of the Chronicle. They are of the thirteenth training course for a change. Royal Dutch, was able to step out well once presented as those of the author only.]

#### Chapman With Sutro

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif. -

## **Central States IBA Awards Diplomas**

in investment banking offered by the Central States Group, Investment Bankers Association of America, in cooperation with Northwestern University's School of Commerce.

The presentation is being made by Walter A. Schmidt, Schmidt, Poole, Roberts & Parke, Philadel-phia President of the Association The presentation is being made phia, President of the Association. cation Committee of the Group.

#### Three With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. William M. Bingham, Leland H. Diplomas are being presented Delano and Melvin J. Inman are now with Reynolds & Co., 425 Montgomery Street. Mr. Delano was formerly with Henry F. Swift & Co.

#### With California Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George West Sixth Street.



## buried a million years ... now serving the nation

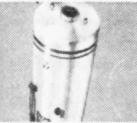
A new titan is at your beck and call!

Natural gas, the giant imprisoned in the earth until the pipeline unleashed its mighty power.

Now a billion and a half cubic feet of the world's finest fuel flow daily through the 2200-mile pipeline of Tennessee Gas. The nation's longest, this great artery brings natural gas from the Southwest where most of it is to the fuel-hungry East where it's needed most.

And does it by the simplest, most direct means of transportation known . . . delivers it dependably, economically to homes and industry round the calendar and clock . . . by pipeline.





HEATING WATER



COOKING



DRYING CLOTHES

## TENNESSEE GAS

TRANSMISSION COMPANY

HOUSTON, TEXAS

AMERICA'S LEADING TRANSPORTER OF NATURAL GAS



## 100% Margin and Stock Market Risks

By CHARLES GILBERT Department of Economics New York University School of Commerce

Dr. Gilbert, in examining both the quantitative effects of margin buying and the real element of risk in stock transactions, concludes: (1) there appears to be no direct connection between stock market fluctuations and margin requirements; and (2) the amount of margin buying is but a small fraction of total stock values. Asserts so long as people look to future with confidence, prices will be high.

recent rise in stock prices. Running through a great deal of

the testimony is a thread of thought that (1) there are strong eleger in the re-

increase in the margin requireby legislation. An examination quirements, stock prices (SEC

During the past two weeks we of both the quantitative effects of have been witnessing a series of margin buying and the real elehearings before the Senate Bank- ment of risk in stock transactions ing and Finance Committee con- brings out several interesting of 20 six-month periods there cerning the conclusions.

> connection between the four changes in either margin reand the movement of stock

The proposal for increasing margin requirements must of necessity carry with it an assumpments of dan- tion that changes in margin requirements or debit balances cent rise and create desired changes in stock market prices. We are fortunate height of se- in having historical data from curity prices, which the past effects of si and (2) an changes can be determined. which the past effects of similar

As shown in Table I, since Feb. ments to 100% would do a great 4, 1945, there have been seven deal to remedy this "dangerous" changes in margin requirements, situation. It is my contention excluding the recent change on that neither of these observations Jan. 5, 1955. Four of these is necessarily valid, and that changes were increases and three stock market risks like other were decreases. During the four business risks cannot be banished periods of increased margin re-

only one period and advanced tude and growth. (Table II) during the remaining three. During the three periods of decreased margin requirements, stock prices Table II, debit balances of memthat margin requirements were were considered too high and dehistorical data, that the effect of changes in margin requirements on stock prices is inconclusive.

Additional data regarding the correlation between debit balances and stock prices point to Between similar conclusion. were seven during which stock periods (June-December, 1943, December, 1946-June, 1947, quirements or debit balances December, 1948-June, 1949, December, 1952-June, 1953) stock prices decreased while debit balances increased. During three periods (June-December, December, 1945-June, 1946, December, 1950-June, 1951) stock stock market is in a "dangerous" prices advanced while debit balances declined. These data again lend doubt as to whether increased stock prices must be accompanied by increased debit of risk in every speculative trans-

## finance stock purchases is but

many other things) depends primarily on the expectations of the buyers concerning future stock prices plus their ability to command the necessary money or credit to make the purchases. While purchasing power is always a limiting factor, it is the future price expectation which outweighs all other demand dethe extension of credit influences gined securities to those owned outright.

On Jan. 31, 1955, debit balvalue of all listed securities on that date. Ninety-eight and fivetenths percent of the listed securatio of 1.5% has not increased significantly from the 1.3% in June, 1951. A 1.5% ratio of debt a perilous position.

## amount of stock market credtypes of credit.

security loans and their increase over the past few years points to of credit extension is far lower cular reasoning leads us nowhere.

5, 1945-July 4, 1945

5, 1945-Jan. 20, 1946

1, 1947-Mar. 29, 1949

Jan. 21, 1946-Jan. 31, 1947 100

Period-

Mar. 30, 1949-Jan. 16, 1951

Jan. 17, 1951-Feb. 20, 1953

Feb. 20, 1953-Jan. 4, 1955

Feb.

December, 1954, as shown in danger. advanced during two periods and ber firms increased by \$1,137 ories of the past carry their declined during one. Assuming million. During the same period emotional overtones into current real estate credit increased by thinking. It is understandable increased at a time when prices \$31,400 million and consumer that comparisons with the past be creased when considered too low, this recent period borrowing to peat itself unless men repeat hisin only three out of the seven finance automobile purchases was tory. June, 1943 and June, 1953, out than four times as much money owed on second-hand automobiles than is owed on security prices and debit balances moved purchases. If there is a danger (1) There appears to be no direct in opposite directions. During signal in outstanding debt, the stock market would not appear to be the place to look for it.

#### There can be no objective determination of a dangerous situation insofar as stock market activity is concerned.

To evaluate whether or not the position it is necessary to arrive at some objective agreement on what constitutes a "dangerous" position. There are two elements action. The risk taken by the buyer of a possible price decline, The amount of borrowing to and the seller's risk of a possible price increase. In the first case a small part of total stock the buyer would then possess an asset of less value than its pur-The demand for stocks (as for chase price. In the second case the seller would possess an asset of less value than the one he relinquished. The risk of loss is always taken by both parties to the transaction and it is impossible to protect both buyer and seller.

People buy and sell stocks for many reasons. Whatever these reasons may be, it is safe to asterminants. The degree to which sume that stocks are bought because they are at that time more buying can readily be measured desirable to the buyer than either by comparing the ratio of mar- the purchase price or some other asset. On the other hand stocks are sold because they money or some other asset is at the time ances of all member brokers more desirable to the seller than amounted to \$2,558 million. This the stocks. Obviously both buyer seemingly large sum, however, and seller are exchanging what represented only 1.5% of the each believes to be a less valuable asset for a more valuable the New York Stock Exchange on asset, and each considers his new position less dangerous than his old position. Only by hindsight rities were owned outright. This could any judgment be made as to which new position involved the greater risk.

to ownership does not seem to be feeling seems to be that the dan- 696,000. ger of a rising market lies in the possibility of a decline in (3) The recent increase and the stock prices after so long a period of advance. If a rising market it is far below recent in- is for that reason a dangerous creases and amounts of other one, the humorous conclusion might be drawn that a falling Compared with other sectors market is equally dangerous be- the New York and Midwest Stock of credit extension, the height of cause of a possible rise which was Exchanges. dangerous in the first place. the irrefutable fact that this type Needless to say, this sort of cir-

-Increase or Decrease-

S.E.C. Index

Increase

Increase

Decrease

Decrease

Increase

Increase

Increase

Margin

Increase

Increase

Increase

Decrease

Decrease

Increase

Decrease

composite index) declined during than other types both in magni- In the final analysis each individual must evaluate his own Between December, 1951 and risk and judge the degree of

It is understandable that memcredit by \$8,657 million. During drawn. But history does not re-Whether current stock changes were the desired results almost four times as great, and prices are too high or too low obtained. It would seem from borrowing to finance 1-4 family are questions which can be anhomes more than 24 times as swered only in the future. There great as borrowing to purchase is, however, sufficient evidence stocks. At the end of the period to indicate that a change in marreal estate credit was 46 times gin requirements cannot be degreater than stock market credit. pended on to change either the Consumer credit was more than course or the height of stock 12 times greater. There is more prices. It should be remembered that stock prices are results rather than causes. Their height is determined by individual expectations of the future of American industry. So long as people look to the future with confidence, the price of the future will

### Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. heads syndicate which yesterday (March 16) offered \$10,000,000 of Kansas Gas & Electric Co. first mortgage bonds, 3% % series due March 1, 1985, at 102% and accrued interest, to yield 3.27%. The group won award of the issue at competitive sale on March 15 on a bid of 101.35999%.

Net proceeds from the sale of the bonds and from the concurrent sale of 60,000 shares of preferred stock, will be used by the company for the construction of electric facilities, to repay any bank loans incurred in connection with the construction program and for other corporate purposes.

The bonds will be redeemable at general redemption prices ranging from 102% to par, and at special redemption prices running from 105% to par, plus accrued interest in each case.

Kansas Gas & Electric Co. supplies electric service in an area approximating the southeastern quarter of the State of Kansas, The company's service is retailed in 143 communities having in 1954 an aggregate estimated population of 437,000, approximately one-third of the population of Kansas. In addition, electric service is supplied at wholesale to 12 communities and to the Kansas Power and Light Company for its Parsons Division of 14 communities.

For the year 1954, the company had total operating revenues of Where then is the danger? The \$24,636,000 and net income of \$4,-

#### Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE) ST. LOUIS, Mo. - William H. Mansfield has joined the staff of Dempsey - Tegeler & Co., 407 North Eighth Street, members of

#### A. G. Edwards Adds

(Special to THE FINANCIAL CHRONICLE) ST. LOUIS, Mo.-Joseph Hickey has been added to the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

#### With Semple, Jacobs

(Special to THE FINANCIAL CHRONICLE) ST. LOUIS, Mo. - Loren W. Sloan has become associated with Semple, Jacobs & Co., Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges. He was formerly with Cruttenden & Co.

Willard A. Lynch

Willard A. Lynch, partner in W. C. Langley & Co., New York City, passed away March 9 at the age of 61.

## ANNUAL REPORTS

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#### TABLE II Selected Debt Increases (millions of dollars)

TABLE I

Margin

50%

S.E.C. Index

118.5 - 128.3

128.3 - 156.2

156.2 - 136.3

136.6 - 124.7

124.7 - 175.6

175.6 - 200.8

200.8 - 274.3

(	is or dollar	0)	
Type of Credit-	Dec., 1951	Dec., 1954	Increase
Debit Balances	\$1,292	\$2,429	\$1,137
Real Estate (total)		113,600	31,400
1-4 family houses	51,900	75,600	27,700
Farm dwellings	6,600	8,200	1,600
Consumer Credit	21,468	30,125	8,647
Automobile Credit	6,242	10,396	4,158

## Stock Market Averages

By ROGER W. BABSON

Mr. Babson, contending the Fulbright Committee has displayed ignorance and inability to intelligently discuss stock market procedure, points out errors in the comparison of the "Dow Industrial Averages of 1929" with the current period. Defends stock specialists as protectors of the public who buy and sell stocks, and calls education and publicity the best protection to investors.

Certainly, the Fulbright Com-nittee has displayed ignorance nd inability to intelligently dis-

cuss Stock Market procedure by the foolish questions they have asked.

Average" and comparing same with the highs of

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know, this average is made up of 30 stocks, -closing on March 3 at the fol-

Crossing on man on o at the	40
lowing prices:	
Allied Chemical & Dye	100
American Can	41
American Smelt. & Ref	46
American Tel. & Tel	185
American Tobacco	65
Bethlehem Steel	128
Chrysler Corp.	70
Corn Products Refining	87
duPont de Nemours	173
Eastman Kodak	73
General Electric	51
General Foods	77
General Motors	96
Goodyear Tire & Rubber	56
International Harvester	38
International Nickel	65
Johns-Manville	89
Loew's, Inc.	19
National Distillers	22
National Steel	65

Procter & Gamble	1011/4
Sears, Roebuck	85 1/4
Standard Oil of Calif.	79%
Standard Oil of N. J.	1141/2
Texas Company	93 %
Union Carbide & Carbon	85 3/B
United Aircraft	823/4
U. S. Steel	79 1/8
Westinghouse Electric	793/4
Woolworth (F. W.) Co	513/8

The Committee members They seemed worked with pencil and paper utterly at sea trying to get an average which when discuss- checked with the Dow-Jones ing the "Dow Average for that day. They could Industrial not make it check; thence, they "smelled some monkey business by Wall Street." They forgot entirely that prices must be adjusted to stock dividends, split-ups, and 1929. As most other changes in the number of

#### Simple Illustrations

For instance, take a stock such as General Motors which last split two for one. In order to give the new quotation after the split a fair comparison, the new quotation must be adjusted for splits, stock dividends, etc. All this would be simple were it not for the fact that some of the 1929 stocks have been dropped from the Average.

Furthermore, there have been mergers which required higher mathematics to make the correct adjustments. These were made in order to be fair. It is very wrong for any member of the Fulbright prevents wide gyrations in the the best protection is education

fact, of the 1929 Dow-Jones List and protects a hurried seller from gested that the specialists' books present list of 30 stocks. Incidentally, it is rather interesting that 'Wall Street Journal"-owned by the Dow-Jones Company-apparently desires to sidestep this entire Average problem.

#### Other Averages

There are other important "Averages" such as the New York "Times" Averages. Their Industrial Average is made up of 25 stocks; but the comparison may easily be checked. If the New York "Times" Average goes up, the Dow-Jones Industrial Average usually also goes up, but by a varying amount. Other leading newspapers have separate Averages; but if plotted, they all will be nearly parallel in movement.

The Boston Stock Exchange broadcasts the "Babson Averages' each Monday through Friday at noon and after the close of the market. The real value of these Averages is not to compare with 1929; but to compare with "yesterday" or a "week or month ago." Now just a word regarding "Specialists," which seemed to trouble ing. And I repeat, he is there to the Committee.

#### Specialists Described

In fact, the "Specialist" is the and sell stocks. He is charged by the New York Stock Exchange with a very specific and extremely responsible duty, namely that of more issues. To do this he must expected to sell stock from his recommends. own account at a lower price than

a price at any given time.

and financial standing of specialists. The specialist must assume full responsibility for all orders to buy or sell turned over to him, maintaining a fair and orderly market in the stocks in which he specializes. His personal interests in the market must at all times be subordinated to the best interests of his customers. He cannot buy for his own account until he has executed all public orders held by him at the given price. In a nutshell, the specialist is a very important wheel in the Exchange's machinery — absolutely necessary to its smooth functionprotect the buying and selling public.

#### The \$64 Question

This is what can be done to protector of the public who buy help the innocent investor not to get hooked by tips. The simplest protection would probably be to confine the investments of all dispensers of tips-see Financial "making a market" in one or Supplement of New York "Times" -to U. S. Government Bonds or often risk his own funds by buy- bank accounts only. Yet, this ing a stock in a falling market at would not prevent Winchell from a higher price than the public passing out tips, as he now claims will pay at any given moment. In that he has no direct or indirect a rising market, the specialist is interest in any stock which he

Forty years serving Stock Ex-

of 30 stocks only 17 remain in the being "clipped" by being forced to of unfilled orders be made public accept a low price for his stock. for a time in advance of execu-Conversely, an anxious buyer is tion. This would not, however, be protected against paying too high possible in rapidly moving trading such as takes place on the About one-quarter of all New floor of the Exchange, Further-York Stock Exchange members more, a true picture would be act as specialists. One specialist most difficult to obtain as orders may handle a number of stocks, on the books can be pulled out but, in the case of very active is- any time. Thus, the specialists' sues, there may be a number of books shift with the varying atspecialists handling the same is- titudes of the public. Perhaps it sue. The Exchange has rigid rules might help if investors who buy governing the market experience and sell in small lots were required to put limits on their orders. All in all, however, I conclude that the real question is one of educating the buyers and the sellers of stocks.

#### With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif.-Maurice E. Breen is now with Mutual Fund Associates, 444 Montgomery Street.

#### Three With Sutro & Co.

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif .-Gerald G. Gibbs, Richard L. Heisel and Samuel K. Troxel have been added to the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

#### Joins E. E. Henkle

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.-Oscar H. Schmocker is now with E. E Henkle Investment Company, Federal Securities Building.

#### Two With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio - Stephen Kuflewski and Robbins P. the public is willing to sell. This changes makes me believe that Schafer are now with Merrill Lynch, Pierce, Fenner & Beane, Committee to suggest juggling. In market price of any given stock, and publicity. Some have sug- Dixie Terminal Building.

## Another year of steady growth for



## Highlights of the 1954

## HOUSEHOLD FINANCE

Corporation

## ANNUAL REPORT

Net income per common share is calculated on number of shares outstanding December 31 without adjustment for stock dividends. A 10% stock dividend was paid to common stockholders of record October 29, 1954. If no stock dividend had been paid, the 1954 earnings per share would have been \$2.53 instead of \$2.30. The number of shares outstanding December 31, 1953, has been adjusted for a 2-for-1 split of the common stock which occurred October 11, 1954.

	1954	1933
Number of Branch Offices at Year-end	643	601
Number of Loans made during Year	1,909,422	1,932,702
Amount of Loans made during Year	\$639,992,517	\$623,425,978
Average Size of Loans when made	\$335	\$323
Customer Notes Receivable at Year-end	\$388,748,816	\$361,423,055
Number of Customer Notes Receivable at Year-end	1,412,799	1,368,536
Average Balance per Note Receivable	\$275	\$264
Total Assets Employed at Year-end	\$423,632,433	\$397,288,740
Net Income	\$16,861,796	\$15,766,006
Net Income as a % of Average Employed Assets	4.19%	4.27%
Number of Common Shares outstanding at Year-end	6,826,327	6,204,642
Net Income per Common Share	\$2.30	\$2.35
Dividends per Common Share	\$1.20	\$1.20

#### 20 (1276)

## Economic Lullaby vs. **Economic Reality**

By PAUL H. NYSTROM\*

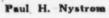
Professor of Marketing-Emeritus, Columbia University

Though agreeing with the forecasts that business will continue good for some months to come, Dr. Nystrom holds these forecasts do not tell the whole story of the business outlook. Contends the high rate of automobile production is not expected to continue through the year, and there is prospect of serious labor disturbances in the industry. Holds, also, it is a serious question whether high rate of residence construction will be maintained, and a prospect of further inflation is in the offing, if current higher wage demands are met.

for

among businessmen and economists that, barring serious inter-

national complications, the business outlook for the remainder of this year, and probably the next two or three years to come, will continue at a high level. Any projection of ordinary available business statistics at



the present Auto production and sales are may properly be called "Ecorunning very high, almost up to nomic Lullaby."

the peak of 1950. Residential housing starts are at a peak.

Inventories are not out of line, ties." are safe investments. Prices are more likely to go up, than down.

Population is increasing. There has been a gain of over 2,500,000 In the past 12 months and over 13,400,000 since 1945.

Consumer income and expenditures are at record levels, a little ahead of last year.

Large capital expenditures for equipment, modernization, etc., are sure to come.

Extraordinary expenditures for schools, roads, hospitals and increased employment of teachers, nurses and building trades workers are inevitable.

Growing expenditures for food, home furnishings, appliances travel, recreation, and services of all kinds are in prospect.

Savings are running at the normal rate of 5 to 7% of consumers' disposable income.

As always, business may be explace and by kinds of goods. In spite of the present high general level of business activity for the country as a whole, there are some areas in which incomes and sales are subnormal. A young said: "It is surprising how many there are below the average!

of goods. For example, in the deber, there were splendid increases cars. over the same month in 1953 in the sales of toys and sporting goods, in books and stationery (probably greeting cards), in men's furnishings, including shirts, underwear, ties, hats, etc., in women's and children's accessories and in girls' wear.

But the sales were far below December, 1953, in such merchandise as piece goods, women's and misses' coats and suits, major house appliances, domestic floor

coverings and millinery. Finally, there are always varia-

\*An address by Dr. Nystrom at a Dinner given in his honor by the Officers of the Limited Variety Stores Association and other organizations on completion of 21 years as President of the Limited Variety Stores Association, New York City, March 10, 1955.

There is, at the present time, tions in business from concern general agreement both to concern, depending upon the skill of its management and the productiveness of its employees. This factor is so important that it is worth-while noting that there has never been a business depression so deep in this country, that there have not been some concerns whose sales and profits have increased, even when things were at their worst.

> With these exceptions noted, we may again repeat the likelihood that general business will continue at high levels for several months to come. The facts and their conclusions are common knowledge. They are very agreeable and soothing. These ideas, in substance, are what you now find in practically all of the

#### Some Economic Realities

Now for some "Economic Reali-Unfortunately, the fore-Goods bought with good selection casts just made do not tell the whole story of the business outlook. There is, I regret to say, more to it. The additions are, in some respects, not so smooth and hypnotic as the indicators already

First, when you leave here and get back to your jobs you are likely to find that no single difficulty has been lessened by what new plants, shopping centers, new you have heard here today, or what you have ever heard about the good business outlook. Your work is likely to be as tough as nation and prepared the road for There is something called ever. competition in full operation. There are several others after the same thing that you are after. The race is to the swift and to the smart. So don't let the eco-nomic lullaby lull you too much or you may come in for a rude awakening.

The present high rate of automobile production is not expected to continue through this year. pected to vary from place to There is the prospect of serious labor disturbances in the indus-This may cut production sharply. But even if there is no strike, or more than the usual slow-downs, it is expected that auto production will begin to dein one of my classes once cline this spring and fall off considerably during the second half year. Nor, is there any likeli-Also, there are always varia- hood, even in the minds of the tions in business activity by lines experts of the auto industry, that 1956 will be an outstanding year partment stores, during Decem- for the production and sale of

There is also a serious question about whether the present high rate of residence construction will continue throughout the entire year. Housing starts, as of the present, are running at twice the rate of the number of marriages, that is, of prospective households

A down-turn in either or both of these would affect the producber, textiles and building ma-

will deserve attention.

#### The Threat of Further Inflation

The prospects for further infla- labor leaders, in my opinion, have tion, whether it will come this nitely hangs heavily over the people of this nation. I need only enumerate some of the underly-

There is, as we all know, the unbalanced Federal budget. Each year, whether we have peace or a the nation winds up with further deficits. The increases in government obligations are used by the banks as reserves with which to extend their loans, in terms of "bills of credit," commonly called money. The volume of paper money, however, if not carefully restricted, may easily expand beyond the danger point. It is a lot easier to print a thousand dollars in 20 dollar paper bills than to dig that amount of gold and then mint it into \$20 pieces. As the paper money increases, there is the likelihood that this nation's present monetary system, based on irredeemable paper money, there is a constant danger of overissues. A mistake in judgment, even if unintentional, on the part of a very few individuals, within this or any other Administration, may start further inflation. The inflation, if it comes, may be swift or gradual. My guess is that it will be gradual. The end result from gradual inflation, if permitted, will be precisely the same as if the flood gates were thrown wide open. There is no escape from the evils of inflation. On this subject history has repeated itself many times in such examples as the wreckage of France by the paper currency of John Law, and by the assignats during the French Revolution.

This country had its share of evils from unsecured paper money, during the Revolution, from Continental currency. The Confederacy of the South had their bad experience with paper money in 1861-1865. The Germans wrecked the foundations of their a Hitler by the inflation of 1920-23. The French, Italian and Chilean Governments are playing dangerously with inflations at the present time.

Inflation, that is, rising prices, may result, not merely from too much paper money, but also from rising costs of production. This nomic events that began to take cause of inflation is relatively new in our history. We began to take lessons in this cause of inflation about 20 years ago.

Labor costs, which constitute the major portion of total business costs, have been and are now mands and by wage-fixing laws. rity and unemployment compensation.

When wage costs are increased, management usually makes every from going up. It does this by in- still more. venting economies of every kind happens then?

#### Higher Prices in the Offing?

When business is faced by an tion and sale of many kinds of increase in costs that cannot be raw materials, such as steel, rub- reduced by internal economies terials, as well as of employment. creased costs can be met in only The repercussions of these de- one way, namely, by raising century the Spanish Government, clines may eventually affect all prices. If union demands or wagekinds of business. The rapid ex- fixing laws are applied to all mitted an inflation to get started expansions in the communities far as these increases are con- came a holocaust, an inflation much to so few." In the history pansions and plans for further businesses, then competition, so that turn out these goods and the cerned, ceases. If, as may well be which went down in history as of defenders against inflation,

effect. Any important changes in the goods, then the unit costs may Spain fell from her high position these multi-billion dollar busi- go still higher. These are the among the nations of the world nesses will make differences that characteristics of the "wage-price to the very botton of bankruptcy, squeeze" with which you are all familiar.

Economists, businessmen and year, or some time later, defi- this problem. For example, the effects of a wage-price squeeze have too frequently been considered merely in connection with a given commodity, or a single concern, rather than to the whole economy. Let us consider the effects of the wage-price squeeze its

> increased but 34%. ucts have gone up. They have clear as crystal that if labor cost increases are not accompanied by at least equal increases in man-

The Federal monetary policies during World War II and the early 1950's helped to raise prices twice flation, Spain, for several cenas high as they were in 1939, but turies, became a sitting duck for the increases in wage rates, unaccompanied by similar increases within and from without. This in productivity, were also clearly responsible for the higher prices that we are paying today.

are not only insidious, but very far-reaching, not only in the numpoint of time. The full effects of the wage and price increases of World War II and the Korean War, for example, have not yet been fully discounted. There are millions of people whose costs of living have gone up, but whose earnings have not kept up with the levels established by several rounds of wage inflation started during the years since 1939. Among them are school teachers, firemen, policemen, sanitation workers, government clerical workers, and most white collar workers. All owners of government bonds, of life insurance and of savings in every form bearing the dollar sign are now suffering the effects of the ecoplace years ago.

#### Higher Wage Demands

We are now faced by further demands for "More" from the privileged classes, the members of unions that are in control of being increased both by union de- strategic industries. If they get what they are demanding, or even The news is full of the prospects any part of it, then the movement of union demands. Bills have been for higher wages will spread to introduced at both Federal and other industries and finally to all. up into the blue. Businessmen state levels to increase minimum If industry can not increase man- and laborers wallowed in the wage rates, increase social secu- hour productivity at the same rate, then prices must again rise. The value of the dollar will go down still more. In time, this will damage the purchasing power of effort possible to keep unit costs all of the people of the country

In recent months I have had in production and distribution, occasion to study the financial But there are a great many cases histories of certain European where it does not seem possible countries, particularly of Spain. I to keep the unit costs down. What have learned a great deal. Among other things, I have discovered some very startling parallels with

what is happening here. Back in the 16th century, Spain was the greatest nation in the world, as the United States is within the concern, then the in- now. It had power, wealth, prestige and influence. During that

are made will be only the first results in a declining demand for fects were completely disastrous. ruin and beggardom. There were, of course, other causes of the downfall of Spain besides the inflation, but the inflation was the given insufficient consideration to main cause. In spite of all of the efforts that have since been made to raise the Spanish economy, it has never fully recovered.

When the Spanish inflation had reached its peak and when the turn came, Spain was on the road to ruin with nothing to prevent Industries failed, descent. on an entire industry such as Agriculture declined. Farms were manufacturing taken as a whole, abandoned. Those who had any From 1939 down to January, 1955, means fled from the country. The average factory wage rates per most populous cities lost half, or man-hour increased from 63.3c to more, of their populations. Span-\$1.84, a gain of over 185%. In the ish shipping all but disappeared same period of time, productivity from the oceans. There was per man-hour, in spite of all starvation, disease and death on economies and improvements of every hand. What business reproduction, including automation, mained was done with small copper coins. All silver and gold As a result of this wide differ- had disappeared. Some of the ence between wage rate increases situations may today be conand productivity increases since sidered almost laughable in a 1939, prices of manufactured prod- ghastly way. There were times when the king didn't dare to call it will depreciate in value. Under more than doubled. It may be out even a military escort or parade for fear that the soldiers, whose pay was up to five years in arrears, might riot. In 1700 hour productivity, then prices there wasn't enough money in the must go up, or production must entire Spanish treasury to pay entire Spanish treasury to pay for the funeral of King Charles II.

> As a result of the national decline and crash following the inevery kind of attack, both from country, at one time one of the most populous, productive and happiest of nations in the world, The effects of an inflation with the highest culture, the best caused by a wage-price squeeze schools, the greatest universities, are not only insidious, but very the largest libraries, the finest architecture and outstanding ber of people affected but also in leadership in every form of art, by mere ignorance, carelessness, or lack of stamina in dealing with the dangers of inflation, finally became but a hollow shell.

> > So much for Spain. Now let us talk about the United States. This nation is now enjoying the prestige, whatever that may mean, of world leadership. think that we know a great deal more about the causes and cures of inflation than the Spanish statesmen and economists did. We even think we have a number of built-in devices in our national economy which, many believe, will permit us to play with a certain amount of inflation and, at the same time, prevent breeching our economic walls.

One of the reasons why the inflation in Spain ruined the country was that there were too many kings, politicians, counsellors, legislators, businessmen, labor leaders and economists, who placed their personal interests above the interests of their country. There were a great many Spaniards who wanted inflation and enjoyed it while on the way waves of rising prices and increasing wage rates. thetically small minority who would and did sacrifice their interests for the welfare of the country were overwhelmed.

One of the lessons from history is that the number of persons who will think beyond their own immediate interests and for the welfare of the country and its economy in a case such as inflation is very small. This is as true for this country today as it was for Spain back in the 16th century. During the early months of World War II, Churchill in one of his most felicitous expressions paid a great tribute to the totally inadequate, but exceedingly courageous defense of England by its Royal Air Force, raw materials out of which they the case, the increase in prices "The Price Revolution." The ef- Churchill's statement holds

equally and eternally true. Entire nations are constantly indebted to the very few far-thinkflames of inflation and, on the other, to prevent the envelopment of depression, of national decline and ultimate oblivion.

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Inflation is like a smoldering fire, only much more dangerous, ready to spread at every opportunity given it. It is not something to play with. The wisest policy is to prevent its getting started. If it has already started, as it has in this country, the difficulties are greater. The remedy is to stop it-stop it cold. But this takes both determination, hard effort and stamina. If it isn't stopped, it will, in time, get out of hand and carry us all to economic destruction. There are no viewed with alarm the minor re- heart. other alternatives. You can't cession of 1953 and indicated the have a little harmless inflation any more than you can have a little pregnancy that will not run ing into full its course. My hope is that you, along with others, will be the few who will undertake this opposition to inflation. If you do, everyone beand if you succeed, as I hope you will, it will be to you that this country will owe its economic best, 1954 preservation.

### Phila. Secs. Ass'n **Appoints Committees**

PHILADELPHIA, Pa.—Robert E. Daffron, Jr. of Harrison & Co., President of the Philadelphia Securities Association, announced the appointment of various committees of the Association to serve all signs point to prosperity again for the ensuing year.

The membership committee is headed by James T. Gies of Smith, Barney & Co. as Chairman. Other members are: Leighton H. McIlvaine, Goldman, Sachs & Co. and Lawrence M. Stevens, market, as everyone knows, has Hemphill, Noyes & Co.

The arrangements committee consists of: John P. McCoy, A. J. Sailer & Co., Chairman; George A. Bailey, Jr., George A. Bailey & Co.; Russell M. Ergood, Jr., Stroud & Co.; C. Budd Heisler, Central-Penn National Bank; Lawrence B.Illoway, Aspden, Robinson & Co.; John A. Nigro, Jr., Hallowell, Sulzberger & Co.; William T. Poole, Schmidt, Poole, Roberts & Parke; Charles A. Reckner, F. P. Ristine & Co.; Frank Lester Smith, Wurts, Dulles & Co.; Edward B. Stokes, Stokes & Co.; Edmund L. C. Hornblower & Weeks; Daniel J. Taylor, Woodcock, Hess & Co.; William A. Webb, De-Haven & Townsend, Crouter & Bodine; Spencer D. Wright, III, Wright, Wood & Co., and Stuart M. Wyeth, Stone & Webster Securities Corp.

The public relations committee is headed by E. Howard York, III, of this increase can be attributed Doremus-Eshleman Co. as Chairman. Program committee: Wil- automobiles are being financed Co., Chairman; C. A. Dorsey, First Boston Corp.; Frank M. Long, The Donner Corp. and Albert A. R. Wenzel, Hornblower & Weeks. Directory: Henry McK. Baggs, Pennsylvania Co. for Banking & Trusts, Chairman; John D. Foster, Studley, Shupert & Co. and C. Budd Heisler.

#### Joins Leo Schoenbrun

(Special to The Financial Chronicle)

LOS ANGELES, Calif. - Dean C. Brackenbury has become affiliated with Leo Schoenbrun, 1385 Westwood Boulevard.

#### Joins Barth in L. A.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leo R. Frey has been added to the staff of J. Barth & Co., 210 West Seventh Street.

## Stock Market, Consumer Credit, ing businessmen, economists and statesmen who strive incessantly, building: Excesses We Face in 1955

Chairman, Group Five Savings Bank Association President, Williamsburgh Savings Bank, Brooklyn, N. Y.

Savings banker discusses data regarding stock market prices, consumer credit and building as "excesses which should create some concern to those who have the continuance of the normal growth of our economy at heart." Says much is being done as a corrective, and lists the tightening monetary policy and the likelihood of renewal of Regulation "W" to keep consumer credit within bounds. Sees home building increasing more rapidly than family formation, and warns there are soft spots developing in apartment rentals. Urges situation be watched.

possibility of its mushroomscale proportion in 1954. Thereupon gan prophesying that, at would be an inferior year.

We all know what actually happened. 1954 turned out to be one of the most

prosperous years in United States history. Now along comes 1955 and all the prophets are hard at work trying to show this time that beyond precedent. Prehaps a little honest skepticism can be excused in the face of all this uniform optimism. Anyway, let's take a look at some of the figures.

Joseph A. Kaiser

In the first place, the stock had a very rapid rise. On Jan. 1, 1954, the Dow-Jones average was 280.9 as compared to 413 on March 1st of the current year. This exceptional advance in the prices of stocks was enough to excite concern on the part of the Federal Reserve authorities who proceeded to increase the margin requirements from 50 to 60%. It is entirely reasonable to predict, I think, that still higher prices might well provoke additional margin restrictions if it were thought inflationary tendencies in the market were getting out of

Consumer credit is another aspect of our national economy which is fast achieving peak proportions. On March 31, 1954, the total amount outstanding from consumer credit sources stood at \$27.833 billion and in nine months to Dec. 31, 1954, it increased to \$30.125 billion. Some to the added ease with which today. But any such astronomical space of time, and of course raise the very important question as to how far such increase can go and how long can it continue.

The statistics for the building business should be as familiar to this audience as they are to me. As you well know, 1,200,000 dwellings were erected in 1954. The calculations for 1955 are 1,500,000 units representing an increase of 300,000. Can we term this healthy, normal growth?

Thus, it is apparent we are confronted with what might be termed three excesses - in the stock market, in consumer credit, and in building. It is only too apcreate some concern to those who

A year ago or so Colin Clark, have the continuance of the the noted English economist, normal growth of our economy at

> What can be done about it? In my opinion, much is being done about it right now. For one thing, a change in the monetary policy has taken place from one of active ease to almost a tightening influence. As an example, Victory 21/2% bonds at this writing are now selling at about 961/2 and any management would think twice before sustaining such a large loss as would result from converting government bonds into mortgages. Furthermore, rumors persist that a possible reduction in the interest rate of VA guaranteed and FHA insured mortgages may be in the wind. A move of such magnitude would certainly go a long way toward appeasing the appetite of investors for government backed mortgage loans. It is within the realms of possibility that consumer credit might be kept within bounds by invoking Regulation "W" again, or some modification of it. And so it goes.

No one wants to hurt business but government may want to keep business from too great an inflationary expansion. In order to do this, government may resort to the use of the monetary and financial brakes which it has in its power to use. For this reason, I think, the excesses which I have mentioned are being watched very carefully and, if they continue, it is entirely possible that appropriate steps may be taken to

I certainly do not want to leave you with the impression that I Ft. Lauderdale.) consider business, and more particularly the mortgage business, to be on its last legs. On the contrary, I believe that, if properly controlled, it could go on to greater heights than is now anticipated of it. Thus, if 1955 can be slowed down to a period of normal prosperity and shorn of the inflationary tendencies of which I have spoken, there will be less reason to fear what still lies in store for us all in 1956.

#### Has Building Reached Saturation Point?

With respect to the question figures are meaningless, except as of how soon may we expect the they reflect the rapidity of the in- saturation point to be reached in crease over a relatively short multi-family apartment house construction, and what effect will it have on existing apartment building values, I will merely state a few facts that have come to my attention and let nature take its course. For instance, nation-wide statistics reveal that for every new family formation in 1954, two new dwellings were constructed-a ratio of two to one. If predictions hold true for 1955, this ratio may equal or exceed two and one-half to one, or five new dwellings for every two new family formations.

As against this anticipated rise in housing, please note the steady decline in marriages from a peak parent that these excesses should of 1.7 million in 1950 to possibly 1.4 million as expected in 1955. Since newlyweds make up one of \*Statement by Mr. Kaiser in a panel discussion sponsored by the New York State Society of Real Estate Appraisers, New York City, March 11, 1955.

Since newly weds make up one of the largest segments of our society seeking apartments, it is no wonder that the number of vacant wonder that the number of vacant

apartments has been slowly rising. Here are the national figures:

There were 31 apartments vacant out of each 1,000 in 1953 and 41 apartments vacant out of every 1,000 in 1954. Moreover, vacancy percentages are still climbing.

approaching saturation, listen to this. In 1953, there was a 5.7% rise in rents throughout the nation; in 1954, this rise was cut to 1.4%. In 1955, the experts agree the investthat the rent rise is expected to ment research end; all of which would seem to prove that, during the current year, apartment house construction would almost, if not entirely, catch up with demand.

Moreover, it has been reported cated in the to me that in various localities New York ofaround the perimeter of the New fice of A. G. York metropolitan area soft spots have begun to develop here and has its headthere. Concessions have been quarters in granted, and vacancies are more Chicago and of the less desirable or the more costly types of apartments. For many years now, it has been a who rent apartments do so from choice rather than compulsion. from Columbia University. The day of the 20% or more down payment on a one-family dwelling is a thing of the past. When one can buy a house for little more than it costs to move into it, most everyone has a free selection of home ownership or apartment rental. Therefore, an over-supply in apartments is immediately perceptible since there is a limited number of those who desire, but are not compelled, to occupy them. In consequence, if over-supply continues long, the older, less convenient, or the outmoded apartment buildings begin to suffer.

As yet, I think, there is no im- geles Stock Exchange. mediate cause for serious alarm, but the situation should be closely watched during the coming year, since increased vacancies and loss of rent would mean, of course, a reduction in values.

#### Thackara, Grant Branch

DUNEDIN, Florida - Thackara, Grant and Company have opened a branch office at 743 Broadway. George Patterson has become associated with the firm at that office. (It had previously been reported in the "Chronicle" that Mr. Patterson had joined the firm in

### A. G. Becker & Co. Names L. R. Kahn V.-P.

Lawrence R. Kahn has been appointed Vice-President in charge of research for A. G. If further proof were needed of Becker & Co., Inc., it was an-

nounced here today. He formerly was manager of department at & Company.

Mr. Kahn will be lo-Becker, which



common in certain classifications offices in principal cities throughout the country. A native of New York City, Mr. Kahn now resides in New Rochelle, New York. He recognized fact that most people received a Bachelor of Literature degree and his Masters degree

Before entering the securities business, Mr. Kahn had been assistant general merchandising manager and economist at Bloomingdale's, New York, and merchandising manager at Oppenheim Collins & Co.

#### With Kerr & Bell

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Calif. - Allen G. Browne has joined the staff of Kerr & Bell, 210 West Seventh Street, members of the Los An-

#### Ogilvie Opens Office

(Special to THE FINANCIAL CHRONICLE) OAKLAND, Calif .- Norman Ogilvie is engaging in a securities business from offices at 436 14th

#### A. P. Schleder Opens

(Special to THE FINANCIAL CHRONICLE) TARZANA, Calif. - A. P. Schleder is conducting a securities business from offices at 19301 Ventura Boulevard.

#### THE BALTIMORE AND OHIO RAILROAD CO. 128th Annual Report - Year 1954

Income:	Year 1954	Comparison With 1953 (+) Increase (—) Decrease	
From transportation of freight, passengers, mail, express, etc	\$378,088,687	_\$82,760.299	
From other sources—interest, dividends, rents, etc	10,509,402	+ 122,835	
Total Income	\$388,598,089	-\$82,637,464	
Expenditures:			
Payrolls, supplies, services,	\$334.189,556	-\$66,954,393	
Interest, rents and services	39.879.744	2,178.927	
Total Expenditures	\$374.069,300	-\$69,133.320	
Net Income:			
For improvements, sinking funds and other purposes	\$ 14.528.789	\$13,504,144	

The full dividend of \$4.00 per share was paid on the preferred stock. A dividend of \$1.00 per share was paid on the

common stock. In 1954 long term debt in principal amount of \$44,286,535 was paid off. During the period December 31, 1941 to December 31, 1954, long term debt, other than equipment obligations, was reduced \$204,904,231, with an annual saving in interest charges of \$9,261,515. Equipment obligations increased \$57,238,974, which added \$1,668,305 to annual interest charges. The net reduction in long term debt was \$147,665,257, and the saving in annual interest \$7,593,210.

H. E. SIMPSON, President

## Mutual Funds—A Stabilizing Factor in the Securities Market the end of 1940 to \$7.3 billion at

By DORSEY RICHARDSON\* Chairman, Executive Committee National Association of Investment Companies

Spokesman for Investment Companies defends these organizations as a contribution to the growth of the economy and a stabilizing factor in the nation's securities markets. Gives data showing investment companies' securities transactions are less than 5% of total stock exchange transactions, and denies any likelihood that redemption or liquidation of mutual funds would cause a stock market collapse. Stresses investment companies as a medium for sound diversified investment.

that broad public ownership of common stocks is desirable to the continued economic growth of

> our country so long as the individuals investing have adequate cash resources, insurance pro- of. tection in case of preand are able, financially and temperamentally, to accept the risks that common stock



Dorsey Richardson ownership involves

Very few people are sophistithe background knowledge, the skills, the information resources and facilities, or the time necessary to wise selection and management of their own investment portfolios. For them, professional advice or supervision is essential.

An investment company can take the combined investment funds of thousands of investors and provide full-time professional investment management effectively and in an economical man-It provides constant and continuous supervision and analysis of securities, making changes in its investments necessary to adjust to changing conditions.

#### Need for Diversification

The holder of just one share of an investment company is in efiect, an owner of a fractional share of as many as 50, 100, or more business and industrial corporations. For the widely diversified investment company, using the combined funds of its shareholders, spreads its investments across a large number of issues so that any loss in a single issue or a group of issues can have only a minor effect on the overall investment results.

the individual investor, then, an investment company offers these two basic, significant services — full-time professional Purchases and Sales of New York management and wide diversification of investments.

#### Regulation of Investment Companies

I should like to emphasize that the investment companies are generally satisfied with the laws and regulations under which they operate. As this Committee or its predecessor in 1940 was well aware the business itself was a cooperative partner 15 years ago in drafting and in urging enactment of the Investment Company Act of 1940. Since that time, through the National Association of Investment Companies, it has worked with the Securities and Exchange Commission in its adoption and revision of all the important rules, regulations and forms which implement and give

\*Extracts from a statement by Mr. Richardson before the Senate Banking and Currency Committee, Washington, D. C., March 16, 1955.

I share the widely held belief effect to the intent of the Con- 1940 to \$6.1 billion on Dec. 31, gress as expressed in the Act it-

> Investment companies live in the proverbial "gold-fish bowl," with full disclosure of all pertinent information. It is gratifying to report that the companies often go beyond the required degree of disclosure, both as to frequency of reports and the contents there-

#### Growth of the Industry

The Investment Company Act mature death, of 1940 marked the beginning of

> Individual Accounts Institutional Accts. Number 1,635,000 (96%) Value (millions)\_\_ \$5,376 (88%) Avg. Account Size \$3,288

Mutual Funds As a Factor on the New York Stock Exchange

On Dec. 31, 1954, total value of Need for Professional Management common and preferred stocks listed on the N. Y. Stock Excated investors. They do not have change was \$169 billion. Total assets of the 115 open-end investment companies then represented by the N. A. I. C. amounted to \$6.1 billion. Of this \$308.7 million was in cash, U. S. Governments and short-term obligations: \$4.9 billion was in common stocks; \$445.5 million was in preferred stocks; and \$439.2 million was in

> A December, 1952 survey indicated, however, that 71% of the total assets of open-end companies was invested in common and preferred stocks traded on the New York Stock Exchange. Applying this ratio, the open-end inestment companies on Dec. 31, 1954 held about \$4.3 billion in stocks listed on the N. Y. Stock Exchange, or 2.56% of the total value of shares listed on that Exchange.

I think it especially important to bear in mind when considering investment company portfolio activity, that the name "investment company" has a special For our business significance. provides an investment outlet for those having genuine investment objectives. It is a long-term proposition, with portfolio managers looking constantly for investment quality securities with long-term growth and income potential.

## Stock Exchange Equities

Analysis of the portfolio activity of open-end companies gives indication of the limited extent to which investment companies influence market price levels-an influence which, if significant, of stability.

In the 15-month period (Oct. 1, 1953-Dec. 31, 1954) open-end investment companies accounted for 4.4% of the total dollar volume of stock purchases on the Big Board. Securities sales by the funds amounted to 3.1% of total selling open-end investment company

#### Portfelio Policy of Companies

description that any company, in make available data which indi- increased operating efficiency is keeping with its published state- cates, most certainly, that this is concerned has obviously not as yet anty Company, Inc. has been with available cash, buys when vast gap between theory and fact. an issue, having been scrutinized with the utmost care, becomes

the period of susbtantial expansion in the investment company business. Assets of all members lion increase, roughly 50%, \$3.13 billion, resulted from market appreciation during the 14 year period. The remaining 50% represents net new purchases by investors.

Closed-end company assets increased during the 1940-1954 period from \$614 million to \$1.2 billion. In this same period their outstanding capital was reduced by a net amount of \$236 million.

Open-end company assets grew from \$448 million at the end of 1954. During this period, new capital aggregating \$3.31 billion resulted from purchase of additional shares by investors.

#### Who Owns Investment Company Shares

It is estimated that the ownership of open-end (mutual fund) investment company shares on Dec. 31, 1954 was aproximately as indicated below:

Total Accounts 68,000 (4%) 1,703,000 (100%) \$733 (12%) \$6,109 (100%) \$3,587

available at a price which seems to represent a sound investment purchase. And, in general, a com- stringent control over transporpany will sell when an issue seems to have lost the investment dieselization and one of the most quality that initially prompted its purchase, or when funds from programs ever undertaken by any the sale of one issue can, in management's judgment, be more favorably invested elsewhere.

I should, perhaps, point out the obvious fact that a given security age of 36.3% and the road's own can change in character and price ratio of above 38% as recently as to such an extent over a period of months or years that it ceases to be an investment consistent with the announced investment ticularly as there was no incenobjective of an investment company. It is entirely possible dur- of losing business to competitive ing a period when one investment transportation agencies. The 1954 company is disposing of an issue which has ceased to have qualities consistent with its investment objectives, another investment company may be acquiring the same issue because it has taken on qualities which make it a desirable vehicle for achievement of that company's particular ob-. . . this approach (careportfolio managements is the antithesis of the speculative approach.

From the standpoint of degree of risk of their own issues, investment company shares vary. The element of risk is pointed out in the prospectus. Depending on their objectives, the issues of some companies are of the most conservative investment quality, of \$900,000 for the like month last Union Street, are James H. Logan, while other companies more aggressively pursue capital growth or high income. In fact, among the 147 members are companies which by virtue of their announced investment policies, offer the investor many gradations in degree of risk and potential re-

#### Shares as a Force on Market Price Levels

The Committee requested my "opinion of the often heard statecentuated by large redemptions of of 1953. shares."

respond to this question because It may be said as a general it provides an opportunity to

## Railroad Securities

#### Southern Railway

ties continue to attract an expand- for track laying, replacing ties, ing investment following is South- etc. Thus, there is considerable ern Railway. Confidence, and en- confidence among railroad anathusiasm, for this property which lysts that the trend toward higher had been growing for two years earnings will continue so far or more got a further important ahead as can now be visualized. lift from the operating perform- As a final consideration leading ance turned in last year. One particularly impressive factor was status of the stock it is generally that the highly satisfactory common share earnings of \$8.96 in company will retire some \$60 mil-1954, compared with \$11.63 a year earlier, were achieved without any sacrifice to the physical condition of the properties. Gross revenues in 1954 were a little of the road and through reducing more than \$24 million lower than in 1953 but maintenance of way outlays were reduced only about \$500,000, a portion of which was due to lower retirement charges, a non-cash item. It is true that maintenance of equipment outlays were cut by roundly \$5 million (about 13%) but this was a natural development in view of the lesser utilization of the equipment with the volume of business off. The company still ended 1954 with equipment condition good.

While maintenance policies continued on a liberal basis the management again demonstrated Through complete tation costs. comprehensive yard improvement railroad, Southern by 1953 had been able to reduce its transportation ratio down to 30.7%. This compared with the industry aver-1948-1949. It was not possible to preserve this low ratio with the decline in traffic last year, partive to curtail service with a risk transportation ratio of 31.9%, up only 1.2 points from 1953, represented a highly creditable performance under the circumstances. Final results were also considerably influenced on the favorable side by a cut of \$8 million in accruals for Federal income taxes.

On top of last year's encouraging showing, the road got off to a ful analysis by specialists) to flying start in 1955. Gross revenues were up 5.6% and net income increased nearly 60%. Common share earnings came to \$0.86 compared with \$0.50 in January 1954. This sharp increase, moreover, was accomplished without any benefit of taxes. As a matter of fact, Federal income taxes in the current period amounted to \$2,-050,000 or more double the accrual year. Maintenance outlays have President; Marvin M. Hersh, Vicecurtailed, presumably reflecting completion of important Mildred Logan, Secretary and roadway improvement projects. Treasurer. The most impressive aspect of the January 1955 report was that despite the rise in gross revenues the actual transportation costs were lower. The ratio was cut to 30.8% compared with 33.6% in would seem to be in the direction Redemptions of Mutual Fund January 1954. The business outlook continues encouraging and further year-to-year earnings gains should be witnessed in future months. Thus it is felt by ment that a collapse of the market many analysts that 1955 earnings could either be initiated or ac- might well top the record \$11.63 On a long term basis the traffic

outlook is still viewed as most We are especially pleased to promising, reflecting pronounced growth characteristics of the territory served. The limit so far as Continued on page 35 announcement of a record large principal of the firm.

One of the roads whose securi- order of \$2.5 million of machines to confidence in the investment anticipated that next year the lion of maturing bonds, mostly carrying high coupons, out of This would matreasury cash. terially improve the debt structure annual fixed charges would add further to common stock earning

### Geo. R. Styskal With J. G. White & Co., Inc.

J. G. White & Company, Incorporated, 37 Wall Street, New York City, investment firm, an-

nounced that George R. Styskal has joined the municipal bond department of the

firm. Mr. Styskal has been with the municipal bond departmentat Guaranty Trust Company of New York for the past four



George R. Styskal

years and was fomerly with The National City Bank of New York.

### Reed & Sloan Co. Formed in Dallas

DALLAS, Tex.-Reed & Sloan Company has been formed with offices in the Adolphus Tower to deal in listed and unlisted capital gains situations. Officers are Harry Reed, President; Jos. Spiritas, Vice-President; and Archie Sloan, Secretary - Treasurer. Mr. Reed was formerly vice-president of Dallas Rupe & Son.

#### Now J. Logan & Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. - The firm name of Standard Investment Co. of California has been changed to J. Logan & Co. Officers of the firm, which is located at 721 East resident and Assis

#### Four With Inv. Planning

PITTSBURGH, Pa.—Herbert A. Asdal, Elmer L. Drown, George W. Kilzer and William H. Rodgers are now affiliated with Investors Planning Corporation of Pennsylvania, 417 Grant Street.

#### Preston, Watt Partner

PITTSBURGH, Fla.-Wilson B. Tiernan became a partner in Preston, Watt & Schoyer, People's Bank Bldg., members of the Pittsburgh Stock Exchange, March 1.

#### First Guaranty Co. Opens

DALLAS, Texas - First Guarment of investment objectives, an instance in which there is a been reached. Further economies formed with offices in the Davis with respect to maintenance of Building to engage in a securities The thesis that redemptions by way are foreshadowed by recent business. Ruggles N. Palmer is a

## New York Security Dealers Association



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Frank Dunne, Dunne & Co.; Ralph H. Demmler, Chairman, Securities & Exchange Commission, Washington, D. C.; Eugene G. Statter, Hoit, Rose & Company, President of the New York Security Dealers Association





Edwin L. Beck, Commercial & Financial Chronicle; Robert C. Otto,
Chemical Corn Exchange Bank

Chemical Corn Exchange Bank

Adrian Frankel, Ungerieider & Company; John J. Mann, Chairman of the Board of Governors of the American Stock Exchange; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.



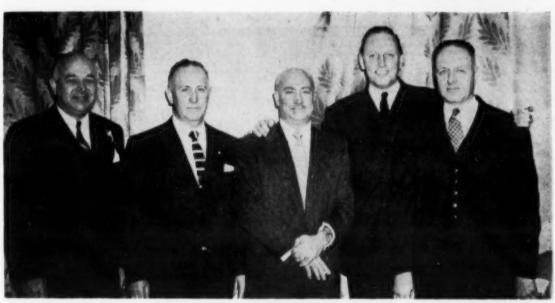
Arthur Weigner, Lehman Brothers; Milton Pinkus, Troster, Singer & Co.; Maurice Hart, New York Hanseatic Corporation; Charles Offerman, Troster, Singer & Co.



Harold B. Smith, Pershing & Co.; John M. Hudson, Thayer, Baker & Co., Philadelphia; Stanley L. Roggenburg, Roggenburg & Co.; Ed Christian, Stroud & Company, Incorporated, Philadelphia



Max Furman, Assistant Attorney General of U. S.; Harold W. Scott, Chairman of the Board, New York Stock Exchange; Harold H. Cook, Spencer Trask & Co., Chairman of District No. 13 of the N. A. S. D.; Harry R. Amott, Amott, Baker & Co., Incorporated



David Morris, David Morris & Co.; Harold J. Williams, Boenning & Co., Philadelphia; Abner Goldstone, guest; Francis J. Purcell, Securities & Exchange Commission; Col. Oliver J. Troster, Troster, Singer & Co.



Sal Rappa, F. S. Moseley & Co.; Reg Knapp, Wertheim & Co.; Henry Gersten, Oscar Gruss & Son; Douglas C. Alexander, Joseph J. Lann Securities, Inc.; Murrey L. Barysh, Ernst & Co.: Charles M. Kaiser, Grady, Berwald & Co., Inc.; J. C. Blockey, Harris, Upham & Co. (all are members of the STANY Glee Club)



Paul R. Rowen, Commissioner, Securities & Exchange Commission, Washington, D. C.; Edward T. McCormick, President of American Stock Exchange; Bill Moran, Securities & Exchange Commission; Arthur Kaye, guest

## 29th Annual Dinner March 11, 1955



Lester Gannon, Peter Morgan & Co.; "Duke" Hunter, Wellington Hunter Associates, Jersey City, N. J.;
S. B. Cantor, S. B. Cantor Co.; Irving Stein, Greene and Company



Elbridge H. Smith, Stryker & Brown; Irving A. Greene, Greene and Company; Frederick L. Book, John J. O'Kane, Jr. & Co.



Walter F. Tellier, Tellier & Co., Jersey City, N. J.; G. Everett Parks,

L'unter Securities Corporation



Frank Dunne, Jr., Merrill Lynch, Pierce, Fenner & Beane; John R. Dunne (guest)



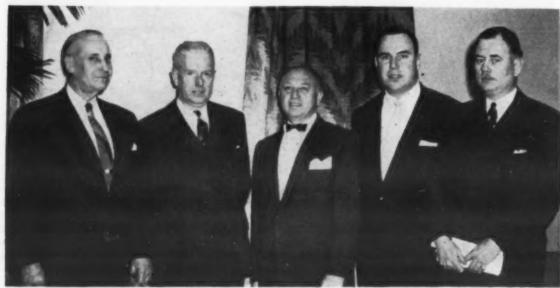
Frank Koller, General Investing Corp.; Ralph DePasquale, General Investing Corp.; C. Stanley Duggan, General Investing Corp.



Walt Filkins, Troster, Singer & Co.; Charles Offerman, Troster, Singer & Co.; Bert Pike. Troster, Singer & Co.; Frank Keenan, Central National Bank, Yonkers, N. Y.; Clarence Nelson, Ealer, Weels & Co.



Daniel J. Riesner, President National Republican Club
Charles E. Stoltz, C. E. Stoltz & Co.; Robert Wallace, Troster, Singer & Co.; Harry Orloff,
Troster, Singer & Co.



William J. Clancy, Mabon & Co.; F. H. Oliphant, A. M. Kidder & Co.; Sam Weinberg, S. Weinberg & Co.; Ely Batkin, Batkin & Co.; Hanns E. Kuehner, Joyce, Kuehner & Co.



A. Maurits Johnson, G. H. Walker & Co., Bridgeport, Conn.; Sam Englander, Englander & Jack Germain, Eastern Securities, Inc.; Herb Gesell, Kugel, Stone & Co., Inc.

## At the Hotel Biltmore



Robert M. Topol, Greene and Company; Sid Holtzman, Joseph McManus & Co.; Gene Brady, Joseph McManus & Co.; Jim Hansen, Joseph McManus & Co.



Charles R. Clausen, Hoit, Rose & Company; Kimball Herrick, Barrett Herrick & Co., Inc.; Frederick L. Chapman, Barrett Herrich & Co., Inc.



Walter Nester, M. A. Schapiro & Co., Inc.; W. G. Conary, G. H.

Walker & Co., Providence, R. I.; Herman Frankel, Singer, Bean
& Mackie, Inc.

Hans Ben, New York Haseatic Corporation; Ted Young, New York

Hans Ben, New York Haseatic Corporation; Harry Pollack, Leone & Pollack





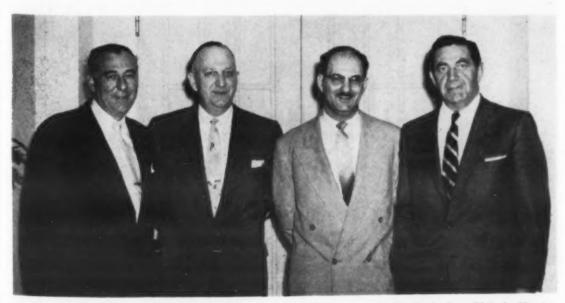
George E. Rieber, Secretary, National Association of Securities Dealers; Larry Wren, Allen & Company; Don Hall, Hoit, Rose & Company



George A. Searight; George W. Tidd, guest; Leslie F. Tarbell, Syle and Company; W. F. Moss, National Quotation Bureau



Lou Walker, National Quotation Bureau, Inc.; Harry Casper, John J. O'Kane, Jr. & Co.; Nat Krumholz, Siegel & Co.; Julius Golden, Greene and Company



Herbert Singer, Singer, Beane & Mackie, Inc.; Hoy Meyer, Joseph Faroll & Co.; Phil J. Chasin, Trust Company of North America; Irving L. Feltman, Mitchell & Company



Joseph A. Monahan, Frank R. Walsh, Ken Howard, Lawrence P. Sheehan, and Dan Simone, all of J. A. Hogle & Co.

## Record Attendance by Members and Guests



Edward J. Enright, Executive Secretary of New York Security Dealers Association (seated); Mel S. Wien, M. S. Wien & Co., Jersey City, N. J.



Charles H. Dowd, Hodson & Company, Inc.; George J. Springer, Hodson & Company, Inc.; Roy R. Larson, H. D. Knox & Co., Inc.; Edward W. Schaefer, H. D. Knox & Co., Inc.



Herb Singer, Jules Bean and Robert A. Mackie, Singer. Bean & Mackie, Inc.



Abner Goldstone; Lou Walker, National Quotation Bureau, Inc.



Tom C. Darrie, P. W. Brooks & Co., Inc.; Eddie Moynahan, Eastern Securities, Inc.; Peter Burnett, Minot, Kendall & Co., Inc., Boston



Wallace H. Fulton, National Association of Securities Dealers, Washington, D. C.; Carl Stolle, G. A. Saxton & Co., Inc.; John J. Kelly, National Association of Securities Dealers



John D. Ohlandt, Jr., New York Hanseatic Corporation; Ann Bennett; Eugene G. Statter, Hoit, Rose & Company; Harry Smolin



Charles A. Bodie, Stein Bros. & Boyce, Baltimore; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.; Chairman of Entertainment Committee; Ed Christian, Stroud and Company, Incorporated, Philadelphia, President of Investment Traders Association of Philadelphia; Shepard Alexander, Hamershlag, Borg & Co.; Harry Fromkes, President, Lawyers Mertgage & Title Co.



Frank J. Ronan, New York Hanseatic Corporation; Andy Riggio, Walston & Co.; Sam Milt, New York Hanseatic Corporation; George Leone, Leone & Pollack

## Solution of the British Instalment Selling Problem

By PAUL EINZIG

Dr. Einzig points out that although there is disagreement in Britain regarding the good or evil of instalment selling, almost everybody agrees its long range expansion is taking place at the wrong time. Says solution by which it would be possible to secure advantages of instalment selling expansion without its disadvantages, is to impose a special tax on instalment sales during boom periods.

LONDON, Eng. - The problem our hands. Human brain can in-

day passes without reference to it in the Press, in Parliament, or in Chairmen's speeches at shareholders' meetings. Politicians, economists and businessmen are divided into two camps, according to whether they



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Dr. Paul Linzig

Boston

approve or disapprove of the of the long-suffering taxpayer. "hire-purchase boom." Those in favor include business firms which enefit by it directly, expansionist conomists, and some Conservaive politicians anxious to ensure n atmosphere of boom in election year. Those against it include most bankers, businessmen who are liable to be affected by genral credit restrictions adopted to heck the expansion, Socialist politicians who fear that, as in 1929, the "bust" that is to follow boom would occur during their term of office, and antiexpansionist economists.

Almost everybody agrees on one oint — that the long-range expansion of instalment selling in Britain is taking place at the wrong moment. It is deplored that the system should have failed to attain maturity before the war when there were some 11/2 million unemployed to absorb, and that (1) It would discourage instal-this major trend should be taking ment business when its expansion place during a period when there s over-full employment. The inflationary effects of instalment selling expansion is causing much concern. Many thinking people are much more worried, however, the dangerous situation that will arise when the volume of instalment business has reached truly gigantic proportions. In the absence of statistics, the outstanding amount is estimated variously between £200 million and £450 million. Even the latter figure might easily double or treble before saturation point is reached. The danger lies in the possibility a sudden decline from that level during a period of business pression. Such a decline would eatly exaggerate the onary spiral.

The solution which is advoited by most opponents of intalment selling expansion is to prevent it either by general credit restrictions on conventional lines, or by selective control measures directed specifically against this type of business. For the sake of voiding the risk of accentuating the slump, these people would gladly renounce the advantages of business expansion that could be achieved through a prolonged expansion of instalment business. Safety first" has become a popular slogan in many quarters.

There is, however, a solution by which it would be possible to seure the advantages of instalment selling expansion without having to fear its disadvantages. Under existing conditions the system ends to exaggerate the upward tarily be so. The remedy lies in for Neergaard, Miller & Co.

the expansion of instalment vent a method by which instalselling is at last receiving the ment selling could be enlisted attention it deserves. Hardly a among the "counter-cyclical" devices.

In 1944 the Swedish Committee for Postwar Economic Planning elaborated a proposal under which the purchase of durable goods by families should be subsidized by the government to the extent of 50% during periods of depression. In this form the proposal would flavor too much of discredited "New Deal" in the United States and of almost equally discredited "Welfare State" in Britain to be palatable for a Republican or Conservative Administration. It would seem to be just another consumer subsidy at the expense

Under the Swedish system there would be nothing to prevent an unduly rapid expansion of the instalment system during a boom, to a level at which it would be difficult and costly to try to maintain the volume of business with the aid of subsidies. What is needed is a solution which would operate in both ways, and which would slow down the boom in instalment business.

This dual end could be achieved by imposing a special tax on all instalment contracts during periods of exaggerated expansion. The proceeds would be paid into a special fund, out of which purchasers of durable goods on instalment payments could be subsidized during a period of depression. This system would have the following advantages:

(1) It would discourage instalis considered inopportune.

(2) By mopping up and immobilizing consumers' purchasing power it would produce a disinflationary effect.

(3) It would enable the authorities to subsidize instalment business during a depression.

(4) This subsidy would cost nothing to the taxpayer. (5) The release of immobilized

purchasing power during a depression would produce a deflationary effect.

(6) By stabilizing conditions in the industries concerned it would enable them to plan their investment well ahead.

There would of course be many oints of detail have to be considered. What is the maximum tax which instalment business could bear? Should the same tax be applied to all goods? Should the tax be varied according to the degree of the boom? What categories of consumers should benefit by the subsidy? Should the special fund have powers to borrow under Treasury guarantee during pro-longed depressions? What should be the terms of the subsidy? All these are tricky problems, but not incapable of solution once the basic principles of the suggestion are accepted.

#### Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.-Robert F. Love has become associated with Waddell & Reed, Inc. Mr. Love was previously with and downward trends of business Irving Lundborg & Co. and prior cycles. But this need not necesthereto was San Mateo manager

## Public Utility Securities

By OWEN ELY

#### Utilities Paying Tax-Free Dividends

As a result of security purchases during the 1920's, certain holding companies such as Electric Bond & Share, United Corporation, Standard Power & Light, International Hydro-Electric, and Central Public Utility have substantial book losses in their balance sheets (as reported to the Treasury Department), which can be realized to the extent required for dividend purposes by partial sale with later re-purchase. Some of these companies, particularly Electric Bond & Share and United Corporation, are understood to have adequate book losses to insure tax-free dividends for many years. Electric Bond & Share is currently paying dividends in stock of United Gas Corporation, but is expected to initiate cash payments toward the end of 1955. All of the utilities mentioned are in the process of transition to investment companies.

There are also a considerable number of utility operating companies which last year paid partially tax-exempt dividends, as per the accompanying table. Many of these companies were formerly in holding company systems, and at that time made heavy charges for depreciation over a period of years in their reports to the Treasury Department, thus exhausting their earned surplus. Some of these utilities are now charging five-year accelerated amortization of "defense" plant which may result in decreased net earnings as reported to the Treasury (but not as reported to stockholders). This combination of lack of earned surplus and low current earnings means that (so far as the Treasury Department is concerned) dividends are being paid partly out of capital.

Five-year amortization of defense plant is now well under way and in some cases may not last more than two or three years longer (the amounts vary from year to year because the amortization is by individual new units). However, the new tax code of 1954 permits certain new methods of rapid amortization to go into effect on new plant, without the necessity of obtaining special authorization. While it is not clear as yet to what extent the utility companies will avail themselves of this new privilege, it is possible that such use may extend indefinitely the present situation for some companies with respect to partially tax-free

The accompanying table is intended to be illustrative rather than factual. Because of accounting and legal technicalities, it is safer to depend upon official notices to stockholders from the individual companies, or other releases of an official character.

It is difficult to comment on tax-free dividends as a market factor. Where payment of such a dividend seems assured for many years, as with United Corporation, it is probably a factor in explaining the yield of about 4% on that stock. Obviously, stocks of this kind are of particular interest to investors in the higher tax brackets. However, it should be pointed out that so-called tax-free income may eventually become subject to a capital gains tax, since it is necessary to mark down the cost of these stocks on the investor's tax books by the amount of all tax-free dividends

#### UTILITIES PAYING "TAX-FREE" DIVIDENDS IN 1954

Total Estimated Approximate

	Dividends Paid	Tax-Free	Percentage Tax-Free
California Oregon Power	\$1.60	\$.98	61
California Water Service		.57	26
Central Hudson Gas & Electric	.70	.39	56
Central Louisiana Electric	1.15	.53	46
Central Public Utility	.80	.80	100
Detroit Edison		.51	32
Electric Bond & Share		1.26	100
Equitable Gas		.33	24
Hartford Electric Light		.97	35
Illinois Power	~ ~ ~	.55	25
Kansas-Nebraska Natural Gas	1.20	.36	30
Lowell Electric Light	_ 3.30	1.23	37
Mystic Valley Gas	_ 1.20	.11	9
New England Tel. & Tel	_ 8.00	.08	1
Pacific Power & Light		.32	34
Pittsburgh Railways		.30	100
Portland Gas & Coke Co		.54	60
Scranton-Springbrook Water Service_	90	.23	25
So. Berkshire Power & Electric		1.40	78
Southwestern Public Service		.74	56
Standard Power & Light		.70	100
Suburban Electric		1.76	41
Tacoma Transit	_ 1.25	1.25	100
United Corporation		.27	100
Utica Transit		.75	100
Washington Water Power	1.63	1.41	87
West Virginia Water Service		.53	38
Weymouth Light & Power		1.27	40
Worcester County Electric		2.02	60

\*The figures have been rounded to the nearest penny.

\*aCash value of United Gas Corp. stock distributed.

## **Business** Man's Bookshelf

Manual of Excellent Management: 1955 Edition - American Institute of Management, 125 East 38th Street, New York 16, N. Y. (cloth), \$20.

Mutual Savings Banks of the United States (Director - National Association of Mutual Savings Banks, 60 East 42nd Street, New York 17, N. Y. (paper), \$1.

Over the Counter Stock Charts -graphic manual of over-thecounter market containing charts on 338 industrial stocks, 77 utilities, 45 banks, 44 insurance companies, two years of weekly prices, annual ranges from 1949, earnings, dividends, capitalization, capsule description of each company's business. and 16-year charts of over-thecounter industrial averageyearly subscription (6 up-dated bi-monthly editions), \$45; single edition (March-April) \$8.75 — Over-the-Counter Publishing Co., 14-F Elm Street, Morristown, N. J.

Population and Labor-Force Trends - Council for Technological Advancement, 120 South La Salle Street, Chicago 3, Ill. (paper), single copies free, additional copies, 25¢ each (quantity prices on request).

Pricing and Price Defferentials on Over the Counter Markets-Irwin Friend, Morris Hamburg and Stanley Schor-University of Philadelphia Press, 3457 Walnut Street, Philadelphia 4, Pa. (paper), \$1.25.

Study of Saving in the United States-in two volumes-Raymond W. Goldsmith-Princeton University Press, Princeton, N. J. (cloth), \$30 (for both volumes).

To Make a Free World: An Exploration of a New Foreign Policy - Stephen Raushenbush and Dewey Anderson - Public Affairs Institute, 312 Pennsylvania Avenue, S. E., Washington 3, D. C. (paper), 25¢.

Trends in Technology and Eraployment - Council for Technological Advancement, 120 South La Salle Street, Chicago 3, Ill. (paper), single copies free, additional copies 25¢ each (quantity prices on request).

#### Security Planning Opens

Security Planning Corporation is engaging in a securities business from offices at 10 East 40th Street, New York City. Boaz L. narker is a principal the firm.



Continued from first page

## We See It

far the most of them before the market began to hestitate in 1929. Deposits of almost \$1,625,000,000 were involved in these failures, more than a third of which were never recovered by the depositors. More than 5,000 of these failures occurred before the beginning of 1929, and the loss of deposits by the customers of these banks reached nearly half a billion dollars. Nearly 1,000 banks failed in 1926 alone with the loss to depositors of some \$83,-000,000. Of course, in all cases depositors had to wait a long time to get even what they ultimately salvaged from the wrecks.

In 1928 nonfarm real estate foreclosures numbered some 116,000. They had been 91,000 in 1927. It was not until 1933 that they reached a peak of 252,400. The Federal Reserve index of industrial production, after adjustment for seasonal variations, reached a peak in July, 1929. It managed to stay at that level in August of that year, but was definitely and unmistakably lower before the market began to show real signs of distress in October. Output of durable manufactures reached a peak in July, 1929, and was down substantially before the middle of October. The story is about the same in the case of the output of all manufactures. Output of iron and steel topped out in July, too. Various branches of business, such, for example, as transportation equipment, factory sales of automobiles, the production and smelting of nonferrous metals, cement output, brick production, nondurable manufactures such as textiles, textile fabric production, cotton consumption, wool textiles, as well as a good many others turned down quite appreciably at an even earlier date. Wholesale prices, as is well known, had been declining slowly since 1926.

It is to repeat the already familiar facts of economic history to assert that the bank failures of the '20's prior to the collapse of the stock market in the fall of 1929 stemmed more than anything else perhaps from the depressed state of agriculture throughout virtually all of the nation. In very large measure this unfortunate status of the farmer traced itself back to the policies of the Federal Government during World War I, when various steps had been taken to prop the price of wheat and other commodities, professedly as a means of assuring maximum production. Rabid land speculation resulted, of course, and much land was misused. When the inevitable aftermath of such policies came in the post-World War I years, something close to disaster emerged which could not fail to permeate a large part of the economic system.

When the affairs of failed banks were studied in detail in later years, it became clear that in the latter part of the 'Twenties at least another development had taken place which cost bank depositors a pretty penny. It was not loans to stock speculators, but unwise investment in bonds and in non-farm mortgage loans that did the damage. In the later 'Twenties we had had our spree of financing undeveloped countries, and the banks of the country had proved far from immune to the bond salesmen who pointed out the high coupon rates on these issues. The fact that these issues went into default one after the other was but remotely related to the stock

Those who lived through the terrible years of the earlier 'Thirties are not likely to need to be reminded of the tragic consequences of the loose, easy going, and sometimes actually fraudulent issuance and distribution of nonfarm mortgages. Who has not personally known the fate of some poor trusting soul who put his life savings into "guaranteed" mortgages or mortgage participation certificates of that dark era! Can any one possibly believe that these economic crimes could have failed to exact their penalties even if there had never had been any collapse in the stock market? To ask such a question is to answer it.

Of course, a good many things happened in the stock market during 1929 and the years immediately preceding which no man in his right senses would for a moment try to defend. We have no reason to believe that anything like them is occurring now or has occurred—despite some excesses which most thoughtful elements in the market undoubtedly regret as much as any one else. But let us not fall into the error of supposing that the economic sins committed in the stock market in the late 'Twenties are to be held accountable for all, or even the major part of, what took place in the half decade or more after the crash in 1929. The market excesses of that day were but

another reflection of the spirit, the temper, and the mores of those years. Many other economic transgressions took place which were even more damaging to the economic

We deceive ourselves if we assume that we can prevent economic trouble in the future by shackling the stock market now. To suppose such a thing would greatly enhance the danger of neglecting other factors in the current situation which are reaching a definitely dangerous stage. Let us, rather, re-examine our mortgage situation, the state of things on our farms, our extravagant rate of increasing governmental debt-and the attitude of government toward all this. It would be better insurance against "another 1929," than attacking the stock market.

Continued from page 12

## Facts About Universal Training-Compulsory Reserve Proposal

troops trained for tropical war- production. fare or just for general war, as in Europe, would be of little use in other hand, industrial production the cold weather and mountain-

ous terrain of Korea.

ing have been essentially differ- cilities to get to battle fronts, and ent from and better than Regular in general had a large and more Army training so as to have ren- complex economy. Consequently, dered UMT graduates ready for Selective Service rather than uni-Korea when Regular Army units versal service was used, thus perwere not ready? The answer is mitting essential workers to stay no. Since Regular Army units on the production or transportawere not ready and needed ex- tion job. Under such a system tensive retraining for the specific universal training was foolish and terrain and situation in Korea, it wasteful because millions would is obvious that UMT boys could never be called away from their not have been used for "swift essential work. of the fighting augmentation" forces in Korea.

If it is argued that another war would be atomic and hence permit no time for reserves to be retrained, then there would probably also be no time to mobilize, numbers were small enough not transport and deploy reserves, however well-trained they might men could be adequately trained be. In a war in which the world's major cities and ports would be destroyed quickly and in which the decisive military stage would be over in a relatively short time, the fighting would have to be done by regular forces in existence at the time.

Brig. Gen. Thomas R. Phillips. (USA Ret.), the military analyst of the St. Louis "Post Dispatch, in an article in the October, 1954 "Bulletin of the Atomic Scientists," wrote:

. The important question is whether large numbers of troops can be landed in Europe in the face of the destruction of ports. A port is such an easy target and can be hit in so many waysaerial mining, submarine mining, or torpedoes-all atomic. It seems quite unlikely that great rein-forcements will ever again flow from the United States to Europe. to be fought mainly by the forces already in Europe."

Amphibious landings in the face of atom or hydrogen bombs would be similarly impossible.

#### What Is the Function of the Reserves?

In view of the need for extensive retraining of reservists in time of war, it is important to discuss the function of the Reserves. In general there are two approaches to the problem of Reserve organization—the European system and the traditional American system.

The European system of Reserves is built on the concept of universal service in peacetime with reservists being called up by classes and fitted into units with whom they previously trained. This system originated in the days before modern industry played such a crucial part in warfare. As a result the European system

6 Ibid, Aug. 25, 1950.

weren't prepared, weren't readied placed its major emphasis on mass for the task and terrain with armies and called up men with which they are now having to little or no concern as to their deal in Korea." This means that role in industrial or agricultural

In the United States, on the came first because we relied on all kinds of mechanized warfare, Would universal military train- required large-scale transport fa-

> Instead, a Reserve establishment under the American system existed to provide any additional partially trained volunteer manpower who could be called up without Selective Service. Their to disrupt the economy until more and equipped. The Reserves were thus the nucleus for the expanding Army and were also used as training cadres for men drafted under Selective Service. Always in wartime America, it has been easier and quicker to draft and train troops than to gear the industrial machine to the kind of production required to produce the weapons. As the Commander of Army Ground Forces pointed out in 1942: "A good stock of troops are ready now and rarin' to go but are delayed by two bottlenecks, shipping and equipment. No matter how fast ships, guns and tanks are supplied from now on, there will be troops trained and ready for them."7

Even in the Air Force where the training is far more technical, men were trained faster than their weapons were produced. General H. H. Arnold pointed out that "You can, however, train person-Thus, a war in Europe will have nel faster than you can build

equipment.

The present proposal for UMT is an attempt to marry the Euronean pattern of Universal Service to the American system of Selective Service. At no point does the President or the Army speak of foregoing Selective Service. They dare not risk injuring the complicated industrial and transportation set-up on which war depends. Thus, boys who had military training or service and were in the Reserves would be deferred if essential to industry and called up if not.

Why then, should billions of dollars and millions of man-hours be wasted in universal and reserve training that would have to be repeated and could be of no use to those who were deferred thal and Leonard Krupnick h as essential workers?

7 As quoted in "What You Should Know About the Army Ground Forces" by Col. Joseph E. Greene. 8 Testimony before War Department subcommittee of House Appropriations Committee, June 6, 1945.

All of this waste in time, man, power and money would be made because the Pentagon has created "the important objective of equity of military obligation." This i simply a phrase to express th military dogma that "a period of military training for every young man is of intrinsic benefit to the nation, even if a percentage of those trained cannot qualify...

The Pentagon proposed to compel all these people to underg military training and service and then screen them so that those with critical civilian skills would not be called into military service. There must thus be maintained within the military establishment a system of screening and selection to determine who is and who is not essential to the entire national economy. Those whom the military deem essential to the civilian economy would be eliminated from the Ready Re serve and put into a Standby Re serve whose "availability for service will be determined by the Selective Service system based on allocation of critical skills be tween military service and essential civilian activities."10

There would thus be two selecve service systems in operation Not only does this put the na tional economy in time of emergency virtually under military control, it is a terribly wasteful system.

The proposed program would conscript everyone for some form of military training or service even though in time of emergency only a portion of those put in the Reserves could be used without jeopardizing the nation's economy

#### Some Financial Implications

It is not only wasteful in terms of training men who will never used in military service i wartime, but year after year such a program would impose seriou burdens on industry and the economy. Private industry would have to pay the wages of three million men engaged in 17 to 30 day summer military training each year, as well as hire replacement for them during that period.

Taxpayers would have to pa for armories, drill pay, and up-todate equipment for three million reservists each year in addition the expense of a regular military establishment of several million

Teen-age boys would have to look forward to eight to 10 long years under the military heel never knowing whether they will be called up by the President for some war in Korea, Indo-China, or another part of the world.

This proposal is before the American people not because necessity but because of an Army dogma that everyone should b conscripted, whether or not need ed, and whether or not used. The is the essence of militarism, that every boy must be raised to be soldier and that all of society must be subordinated to military security.

9 National Security Training Commision Report, October 1951, p. 26.

10 Army Navy Air Force Register, Department 25, 1954.

#### New S. F. Exch. Member

SAN FRANCISCO, Calif-Ronald E. Kaehler, President the San Francisco Stock Exchange, announced the election of George J. Otto to membership the Exchange. Mr. Otto, a genera partner of Irving Lundborg & Co acquired the membership b transfer from Harry E. Jonas, al a general partner of that firm.

#### With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Hal old A. Cohen, Morris M. Blume become associated with Danie Weston & Co., 140 South Bev Drive. Mr. Blumenthal was viously with Samuel B. Frank & Co.; Mr. Krupnick with Slay & Company, Inc.

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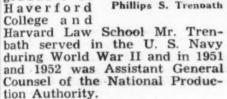
NEWS ABOUT BANKS CONSOLIDATIONS NEW BRANCHES NEW OFFICERS, ETC.

AND BANKERS

The directors of J. Henry Board of Higher Education, New Schroder Banking Corporation York City.
and Schroeder Trust Company of \* \* \* New York announced on March

CAPITALIZATIONS

15 the election of Phillips S. Trenbath as a Vice-President. Prior to joining the Schroeder banks, Mr. Trenbath was associated with the law firm of Donovan, Leisure, Newton & Irvine. A graduate of Haverford College and



The appointment of Miss Vir-Company of New York was anber, 1941 and was assigned to the Fifth Avenue Office as a steno-Secretary to one of the Vice-Presidents at the 57th Street Office. In September, 1953, Miss Kraus was appointed an Assistant Branch Manager of the 570 Lexington Avenue Office and at present sne is assigned to the Fifth Avenue Office, 510 Fifth Avenue. Manufacturers Trust Company now has a total of 18 women officers.

The New York Trust Company of 100 Broadway, New York City announces the opening of another midtown office, on March 14, covering street floor, mezzanine basement space in the Bartholomew Building at 205 East 42nd Street, just east of Third Avenue near United Nations. The office offers complete banking and trust facilities, with particular attention to the requirements of the businesses and individuals. This brings to a total of five the offices of The New York Trust Company in the midtown area.

Melville P. Chamberlain and G. Homer Williams, former As- Co., in charge of its Real Estate sistant Vice-Presidents, have been and Mortgage department. In elected Vice-Presidents of Chemical Corn Exchange Bank of New York, it was announced on March trustee. He is presently a director of society 11 by N. Baxter Jackson, Chair- of the Brooklyn Real Estate man. Mr. Chamberlain, who Board and Vice-President of the joined the bank in 1936, is head Savings Banks Mortgage and Real of the bank's Wall Street loan Estate Forum. In addition, he sion at 30 Broad Street. Mr. Williams, who began his bank- Island Home Builders Institute, ing career in 1927, does special- the Mortgage Bankers Association ized credit work in the bank's of America and the Mortgage main office at 165 Broadway.

> been elected a director of The Sterling National Bank & Trust sociation of the State of New Company of New York, it was York and the Mortgage and Real announced on March 10. Judge Estate Committee of the New Rifkind, a member of the law York Real Estate Board. firm of Paul, Weiss, Rifkind, Wharton & Garrison, was United States District Court Judge in New York from 1941 to 1950. From 1930 to 1941 he was a partner of the late Senator Robert of Kings County Trust Company, Wagner in the law firm of Brooklyn, N. Y. Wagner, Quillinan & Rifkind. In Mr. Fairchild is the grandson of tant Secretary of the bank has persons. He is a member of the Presidents of the Trust Company.

The body of Arnold N. Tschudy, (53 years of age), Vice-President of Bank of America of Los Angeles, Calif., who died unexpectedly on March 12, was sent to his home in New York by air on Springs, Calif., where his death occurred. Mr. Tschudy had been in charge of the bank's New York office since 1950. He had just completed a week's visit at the San Francisco headquarters, conferring with President S. Clark Beise and other senior management officers of the institution. He was on his way eastward, pausing for the week-end at Palm Springs, when he was suddenly stricken. He had not previously been ill. Mr.Tschudy was a native of Billings, Mont., where he graduated from high school, then attended the University of Montana and the University of Washington. Then he moved to California and ginia L. Kraus as an Assistant attended the University of Cali-Secretary of Manufacturers Trust fornia in Berkeley, graduating in 1925. In 1926 he joined General nounced on March 14 by Horace Motors Acceptance Corp. and Trustee of the bank. Flanigan, President. Miss served that concern in managerial Kraus joined the bank in Novem- capacities in overseas fields, including Japan and Brazil. In the the State of New York and the latter country he served as Presigrapher. Later she worked as a dent of the American Chamber Savings Banks, having been Presi of Commerce in Sao Paulo. During the war years he served as director of the office of inter- IV-President of the Westchester American affairs, for which he Division of Group IV. He was one Government. After the war he was appointed Executive Vice-President of the council for inter-American Coperation in New York. He assumed charge of Bank of America's operations in New York in 1950.

Lincoln Savings Bank of Brooklyn, N. Y., announced this week the election of Michael J. Burke as Executive Vice-President of the bank. The action was taken at the March meeting of the Board of Trustees. Mr. Burke has been continuously associated with financial institutions engaged in the mortgage business in the New York area since 1926. Before going with The Lincoln in 1949 as Vice-President and Mortgage Officer, he was a Vice-President of the Manufacturers Trust 1953, The Lincoln's Board of Trustees elected Mr. Burke a holds membership in the Long Mr. Burke also serves on the Judge Simon H. Rifkind has committee on mortgages and real estate of the Savings Banks As-

> Chester A. Allen, President, announced the election of Julian D. Fairchild to the Board of Trustees

1945 Judge Rifkind was appointed Julian D. Fairchild and the son been advanced to the position of an advisor to Dwight D. Eisen- of Julian P. Fairchild, who were Secretary, and Miss Louise Fulhower on problems of displaced the second and third to serve as ton, who has been Bookkeeping the staff of Mutual Fund Associ-

Frederick Sundermann of Scarsdale, N. Y., has joined National Bank of Westchester, of White Plains, N. Y., as Assistant Vice-President, Ralph T. Tyner, Jr., President has announced. Mr. Sundermann, who has been Assistant Treasurer of Manufacturers Trust Company, New York, in the New Business and Correspondent Bank Department, will specialize in business development activities at National Bank of Westchester. Before joining Manufacturers Trust Co. in 1952, Mr. Sundermann was Cashier of The First National Bank & Trust Company of Tuckahoe (presently consolidated with National Bank of Westchester). He Monday, March 14 from Palm joined the Tuckahoe bank in 1936.

At the close of the Annual Meeting of the Board of Trustees of the Peoples Savings Bank of Yonkers, N. Y. held on March 9, Albert B. Losel, President and Anton G. Kleine, Treasurer retired. After the meeting the Trustees and the officers of the bank adjourned to the Hudson River Country Club, Yonkers, where an informal beef steak party was tendered to Mr. Losel and Mr. Kliene. Each was also presented an appropriate set of resolutions. Mr. Losel started an account in the bank 64 years ago on July 6, 1891 and this is now the second oldest active account in the bank. He had been employed by the bank for over 54 years, the last 11 years as President. Mr. Losel will continue as

He has been active in the affairs of the Savings Bank Association of National Association of Mutual dent of the Officers Forum of Group IV - Chairman of Group was honored by the Brazilian of the original members of the studying bankers from which was formed the American Institute of Banking.

Mr. Kleine began his employment at the Peoples Savings Bank in 1911 and became successively Auditor, Assistant Secretary and finally Treasurer in 1944. He has J. W. Hopper, President of The been Secretary and also Treasurer of the Westchester Division of Group IV of the Savings Banks Association of the State of New

Mr. Losel was succeeded as President by John F. Ewald who has been Vice-President since 1947. Carhart V. Francis continued as Secretary and was also elected Vice-President in place of Mr. Ewald. He was also elected a Trustee of the Bank, Emil L. Knesnik who has been Assistant Treasurer since 1947 was appointed Treasurer succeeding Mr. Kleine. Stephen N. Slota, formerly Auditor, was appointed Controller. James C. Fulton was re-elected Second Vice-President and Edwin J. Newman continued as Assistant Vice-President. Also continued are Anthony J. Mei and Francis A. Holmes, Assistant Secretaries, and John A. Wallace, Counsel, George R. Sankey and David R. Christie were appointed Assistant Treasurers.

The Second National Bank of Bankers Association of New York. New Haven, Conn., now has a capital of \$1,500,000 compared with \$1,000,000 previously, the sale of new stock to the amount of \$500,900 having brought about the increased figure, effective March 3.

> T. Philip Reitinger, President of The Montclair Savings Bank, of Montclair, N. J., announces that at the March meeting of the Board office at 2 Wall Street. of Managers two promotions were made in the officers' staff. Paul A. Pearson, who has been Assis-

**■ By ARTHUR B. WALLACE** This Week — Bank Stocks The first days of March brought the announcement of the

Bank and Insurance Stocks

fourth merger involving leading New York City banks within six months. First we had word of Chemical Bank & Trust Co.

taking over Corn Exchange Bank Trust. Chemical was organized in 1827 as a chemical manufacturer, but it also had certain banking powers in its charter and was soon operating principally as a bank, although the chemical activities continued, successfully, for a number of years. Corn Exchange dated from 1853, when it was organized to provide banking facilities for the grain trade.

Then came announcement of the Chase-Manhattan consolidation in late 1954. Chase, established in 1877, took the name of Lincoln's Secretary of Treasury. It has for some years ranked as the country's third largest bank, and the second in size in New York. Bank of Manhattan dates back to 1799, and is the second oldest New York City banking institution. This merger will give Chase first position among the New York banks.

Following this was word of Bankers Trust taking over Public National Bank & Trust. Bankers, organized in 1903, operated for some years as a trust company for banks and bankers solely; but it later altered this set-up and has for a number of years been doing a general banking and trust business. Public National is, as our city's banks go, one of the more recently established institutions, dating from 1908.

And now comes the purchase of First National Bank by National City Bank. First was also a Civil War period bank, while National City traces its history back to the War of 1812. It has for some time occupied the premier position among the New York banks so far as total resources and deposits are concerned. National City owns beneficially for its shareholders the outstanding stock of City Bank Farmers Trust Co. (the old Farmers Loan & Trust Co.), which handles the personal trust operations, contributing some \$12,700,000 in 1954 to consolidated gross income.

First National confined its activities to large accounts, and derived the major portion of its income from holdings of government and state and municipal bonds. Indeed investments had been exceedingly profitable for this bank before security affiliates were outlawed in the early 1930's, as its security company contributed the bulk of the banks dividend payments for a number

Numerous reasons have been advanced for the numerous mergers around the country in the past few years. One of the more widely accepted thoughts has been that the acquiring banks have in many instances gone after established branch systems. With the cheap money rates that have ruled for several decades. bank earnings suffered, and many institutions set out to establish branches to bring in the smaller accounts. As it became apparent that the costs of establishing new branches was becoming prohibitive and that the new locations could not be gotten onto a paying basis for some years, the acquiring banks began to negotiate to take over existing outlets. In recent years several New York banks have taken over smaller outlying banks to build up their branch systems, but the recent moves have been made with an eye to covering the territory thoroughly in order to be able to compete as business moves out to a city's periphery.

Another reason arises from the growth in the country's business activities. Banks are permitted to lend to a single borrower only 10% of capital and surplus. Where mergers are effected by an exchange of stock (e.g., Chemical-Corn; Chase-Manhattan, Bankers-Public), the capital funds, and hence the lending limitation, are increased.

It has been said facetiously that the only way a bank is able today to get help is to take over another bank. But probably there is more to it that is serious than the jocose. Today the bank personnel officers report a somewhat lower rate of job turn-over by bank employees than has been the case in recent years. Further, there has been something of a dearth of officer trainees, for bank jobs no longer had about them the aura of other days before the politicians put the banks in the pariah classification. In any case the mergers will relieve an important part of the personnel problem for the banks as there will be available more seasoned employees among whom the turn-over rate is lower than in the junior-clerk classification.

For the greater part, the recently announced mergers will not bring about too much duplication of accounts.

These mergers—and this applies to those involving the smaller banks-have proved the correctness of one of the contentions of the bank stock analysts, namely, that the large metropolitan banks have built up large undisclosed equities over and above published book values. Book values are the basis for mergers; but when a merged bank is taken over at a price considerably above acknowledged book value it is a clear indication that the statement equity has been understated.

With Hamlin & Lunt

Hamlin & Lunt, dealers in investment securities, announce that Ruth Gordon is now associated with the firm in the New York

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif.-William D. Sydnor has been added to Continued on page 47 ates, 444 Montgomery Street.

New Study on

#### Christiana Securities Co.

Bulletin on Request

Laird, Bissell & Meeds

Members New York Stock Exchange Members American Stock Exchange 120 BROADWAY, NEW YORK 5, N. Y. Telephone: BArclay 7-3500 Bell Teletype—NY 1-1248-49 (L. A. Gibbs, Manager Trading Dept.) Specialists in Bank Stocks

Continued from page 7

## **Trust Fund and Pension Plan Investments and the Stock Market**

form of investment. It should be \$3.4 billion. This was equal to added, however, that there are only 2.9% of the total value at exceptions to this rule, and some the time of all stocks listed on pension trusts exclude common the New York Stock Exchange. stocks. Estimates of the net new investment in common stocks by eigners during 1954, as reported all pension trusts in 1954 range as high as \$400 million. If one accepts this as a maximum figure, then the proportion of all pension trust funds that went into common stocks in 1954 was approximately 20% to 25%. While this is not a small amount in absolute terms, it is only a small fraction of the value of stock traded on the exchange. As a matter of fact, it is not much greater than the current new issue of common stock by General Motors, which amounts to

It is our own judgment that common stock purchases for pension trusts, or indeed for trusts generally, are not a major factor est dimensions is apparent for in the determination of common stock prices. Buying for trusts course an element in the total demand, and it cannot be overlooked. But as Chase's own experience in 1954 demonstrated, million, or 2.8% of the value of as buyers, and in total their activity is only one element among many that enters into the demand for and supply of stocks.

We believe the conclusion that trust purchases are not a major factor in the determination of stock prices is valid even after account is taken of the fact that trusts are not interested in all common stocks. The fact is that buying for trust purposes is spread over a wider range of stocks than is sometimes recognized. To refer to our own experience again, in the period of Sept. 1, 1953 to Dec. 31, 1954, Chase spread its common stock purchases over almost 200 separate issues. And of the funds invested, only 35% went into the so-called "Favorite Fifty," which is a compilation made by Vickers Brothers of the 50 stocks most popular with professional management. In other words, our trust investments are spread broadly over many companies and most industries.

#### Extent of Foreign Participation In the U. S. Stock Market

Foreign participation does not appear to be a major factor in the U. S. stock market, and its eigners (as reported by the Deinfluence since World War II has probably been less than in prewar days.

At the end of 1953 foreigners of Commerce to hold U.S. stocks.

common stocks, but only as one common and preferred, valued at Moreover, net purchases by forby the U.S. Treasury Department (which compiles statistics for both purchase and sale of securities for account of foreigners) were not large-\$76 million from January through October, the latest period for which figures are available. The turnover of securities owned by foreigners during this time was relatively heavy, with total gross purchases amounting to \$812 million, or about 4.4% (in value terms) of the sale of all stocks on the New York Stock Exchange. However, these purchases for foreign accounts were largely offset

An impact of even more mod-1946. In that year foreigners were net sellers of securities in an amount totaling \$65 million. Their aggregate sales for the entire year amounted to only \$432 the over-all impact is com- all sales on the New York Stock pounded of many considerations Exchange. Precise information that make trustees sellers as well relating to stock purchases and sales by foreigners prior to World War II is not available, since the statistics then published lumped both stocks and bonds together. It appears probable, however, that the volume of stock activity was somewhat greater than in postwar years. In 1937, for example, net purchase of stocks and bonds by foreigners amounted to \$245 million. However, since the bulk of foreign security holdings at the time was in stocks, rather than bonds, it may be assumed that a large proportion of the net addition consisted of stocks.

The failure of foreigners to participate more actively in U.S. markets during the postwar period is due to several factors. Perhaps the most important has been the existence in many countries - particularly in Western of stringent exchange Europe controls. These controls are an inevitable result of the dislocation in trade and balance of payments that followed the war. They have made it very difficult for foreigners in many countries to add to their dollar balances or security holdings in the United States. As a matter of fact, while the value of stocks held by forpartment of Commerce) increased from \$2.4 billion in 1946 to \$3.4 billion in 1953, this was a smaller amount than could be accounted were reported by the Department for by the rise in security prices.

The second factor acting to stem

securities in the United States has It was the strength in demand able experience of the past year been the rise which has occurred from Western Europe that took that Europe and the rest of the in security markets elsewhere. A up the slack in raw material marcomparison of the advance in stock kets and did so much to hold adverse developments in the prices in various countries of Western Europe with that in the United States for the period Sept. many had been led to expect. 1, 1953 to Dec. 31, 1954 is shown in the accompanying chart attached at the end of this statement. As may be seen, the advance in Western Germany and France was even greater than in the United States, while the rise in the United Kingdom was roughly equivalent to ours. In general the increases throughout much of Western Europe reflected both an improvement in general economic conditions and a renewed confidence in the outlook for business. stemming partly from the revival in the United States.

#### Interrelationship Between the United States Economy and Foreign Economies

The economy of the United States is tied to that of the rest of the free world in a myriad of ways-through trade, finance, investment and the common need to achieve an economic base of growing strength for mutual de-

Our own economy could not operate at a maximum efficiency without access to the raw materials and markets of other lands.

For example, we now are net importers of about 10% of our raw materials, and it has been estimated that the proportion will increase to at least 20% by 1975. We are growing increasingly dependent on outside supplies of iron ore, copper, bauxite and petroleum, as well as other products which are basic to us.

Likewise many of our own industries look to foreign markets to provide an essential portion of their demand. Such is the case with many types of machinery and equipment, and farm products like cotton and tobacco. In total, our shipments to other lands in 1954 amounted to \$15 billion (including military aid) — an amount greater than the decline in production due to the recession of

All in all, the United States supplies about 20% of the imports of other nations - and it consumes about 15% of their total exports. While the healthy functioning of the economies of other nations is of considerable significance to us, it is probable that a high level of activity in the United States (coupled with an enlightened trade policy) is of even greater importance to the rest of the world. That is because we loom so large in the scale of things. Some idea of our relative strength is given by the fact that we produce about 60% of the free world's steel; consume two-thirds of its oil, and generate more than half of its electricity. The free world is heavily dependent on the United States as an essential source of supply for both civilian and military sources, as a source of capital and technical skill, and finally as a market.

It is this latter factor—the importance of the United States as a market for the rest of the world -that has figured prominently in many discussions of economic interrelationships in the past. Yet experience these past two years has required some re-evaluation of this factor. It was commonly thought that even a minor recession in the United States would set in train a downward spiral in the economies of other nations which they could not avoid. Yet this did not prove to be the case in 1953-54. While production in the United States fell off by as

the flow of foreign capital into tries from us increased almost 3%, mistake to assume from the favorprices stable. Here, then, was a United States. It is true that they contradiction in terms of what probably can weather minor down-

> of hindsight, it is apparent that a even in this regard the role of our combination of factors, some of them unique, acted to bring this tinuing to provide the rest of the about. First, the countries of Western Europe in 1953 and 1954 achieved a measure of stability in not be overlooked. We continued their internal finances and their balance of payment relationships tries about \$4 billion in economic that had not been present before. The disrupting effects of inflation were, on the whole, no longer active. Controls over consumer buying were released and the shackles were removed from trade with other areas (except the dollar area, and here, too, they were loosened). Then again, it early became ap-United States would not be of major proportions. And finally, the world as well. a feeling that we might be heading toward a more stable political relationship with the Soviet Union made itself felt-or at least a feelnew and catastrophic war. All these were factors that inspired

world can isolate themselves from turns in U. S. business activity Looking back with the benefit without drastic consequences. But government during 1954 in conworld an extra lift in the way of supplies and financial aid must to make available to other counaid and extraordinary expenditures abroad, not to mention another \$2.3 billion in outright military aid. Without this help the story in 1954 might well have been different. And if the United States were to head into a major slump it seems most likely that it would have serious repercussions not parent that the downturn in the only in Europe and Latin America, but in other sensitive areas of

The fact is that even as the free world grows stronger, it grows more interdependent. We need the help of other lands for raw mateing that we were not heading into rials, markets and mutual defense; and they need the support of our economy if they are to achieve greater confidence on the part of stability and a satisfactory rate of both business and consumers. And economic progress. As I underled to the unleashing of a fur- stand the President's foreign ecother pent-up demand - one that nomic policy, it is directed to the could be met in part by the ex- creation of a framework within panded facilities of production which the nations of the free which Europe had been busily world may all work together in creating since the end of the war. the harmonizing of these mutual Yet I feel it would be a serious economic interests.

Continued from page 14

## Our Interest in Europe's Welfare

it is an art that, in some measure, British declined to rush back to we must master as we go along, convertibility a few months ago! In George Humphrey and Ran- Clearly it is better for a key curdolph Burgess and Marion Folsom we have excellent men in the Treasury, and Bill Martin and his float off gently and easily into colleagues know their business in the Federal Reserve. Then there down the ways prematurely into are the President's economic advisers, headed by that remarkable of so deep a draft. man, Arthur F. Burns. Many of you have doubtless read his recent Economic Report, in which in eloquent and understandable language he and his colleagues set forth the philosophy for the economic administration of a great country like ours, a country in rapid development, where we all agree that individual initiative should be given rein. Burns does not minimize the difficulties, the unsolved problems, the unforeseen possibilities. He conveys a vivid impression of the portentous issues at stake, and leaves on me, for one, a feeling of deep respect for the integrity and intelligence of those who are carrying the awful burden of these problems in Washington today.

equally impressive has been Westceptions, is doing well.

#### The British Situation

The British situation, after chases from other countries fell fice to restore the balance. How time. by 6%, the buying of such coun- wise, in retrospect, it was that the

rency to await the rising tide of healthy economic trends and then convertibility, than for it to slide waters too shallow to carry a ship

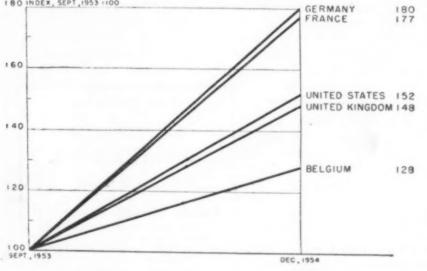
Today in every country we face the adjustment between internal stability at a high level of employment, and external stability as measured by exchange rates. No where is the problem more sharply posed than in the United Kingdom, and an understanding world will certainly refrain from offering back-seat advice on this exceedingly delicate and all-im-

portant problem.

It is well not to forget how far along the road to recovery Great Britain has traveled. Ten years ago we were constantly hearing about the dead weight of Britain's frozen sterling balances. Those immense sums owed to others seemed an insurmountable road-Where are they today? block. If America's full decade of By imperceptible stages they have prosperity has been impressive, faded from our consciousness. This is not because the U. K. has ern Europe's recovery from the liquidated these payables. Quite war. Utterly prostrate only ten the contrary. In 1945 the famous years ago, Western Europe is to- sterling balances amounted to day a patient emerging from con- roughly three billion sterling. valescence. Perhaps we do well Now, believe it or not, they apnot to be over confident: after proach four billion! In the course all, the wise physician keeps his of a decade the debts that were eye on his discharged patient for a nightmarish incubus have bea little while, on the alert for a come the working balances of a relapse. But the fact is that all trading world left in London. of Western Europe, with local ex- Great Britain has more than doubled its gold and gold exchange holdings, has reset its obligations to the rest of the world to suit the conditions of peacereaching a high level of prosperi- time trade, and has increased its ty, has taken a dip in recent sales of goods and sesrvices from months and the authorities have £1.5 billion yearly to almost £4 had recourse to rather sharp cor- billion. The world-wide rise in rective measures. Here is a use- prices has contributed also to easmuch as 10%, output in Western ful reminder of how delicate is ing the load. The problem of the Europe followed an independent the equilibrium between inflation sterling balances, which once and contrary trend. It rose by 7%. and deflation, and let us hope that seemed to defy solution, has faded Moreover, even though U. S. pur- the orthodox corrections will suf- away with the passage of healing

In France, the currency has

CHANGES IN STOCK PRICES - U.S. COMPARED WITH OTHER COUNTRIES 180 INDEX, SEPT ,1953 :100



nounts—sure proof of a return as it goes. national confidence. A tide of onomic rejuvenation has set in, hich many persons, even well formed persons, do not yet rec-The French at last realze that the condition of recovery that there be no return to inlation. If the rotation of Cabinets has been disconcerting, this has served to remind us of an important fact about France that we are apt to overlook, the excellence of the higher echelons of her civil ervice, skilled and devoted men ble to minimize the hazards of he painful political uncertainty. Perhaps Italy is still on the sick st, her unemployment persisting a major preoccupation; but ven in Italy the past decade has een immense improvement, far eyond expectations; and the inustrious and intelligent Italian people are now working on a plan or national rehabilitation that is full of promise. As for Western Germany, her recovery has been the most surprising of all. The great influx of refugees from the ast, at first regarded as a terrifying problem, turned out to be blessing in disguise, as those millions of uprooted people supplied Germany with the manower needed to rebuild a powerful economy.

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The Netherlands emerged from the war stripped of her colonies and utterly discouraged. Today that brave little country is thriving, with even some over-employment. As for Belgium, thanks in part to the courageous financial policies instituted by Camille Gutt nd Governor Frere at the end of the war and in part to the dollars derived from the Congo, this little nation was from the first a focus f health in the post-war Europe, pace-maker toward prosperity.

#### Europe No Longer Needs Aid

If Europe has really emerged com convalescence, our economic relations with the Old World may indergo a change. Europe no nger needs aid, and this gives Europe, both economically and politically, an independence that for one think is wholesome. We nust not expect these ancient peoples to agree always with our outook on world affairs. Then there are financial implications of a European recovery. Let us hope that Europe is on the eve of a great industrial advance, encouraged by the falling trade barriers among the various countries and parked by the immense opporfunities for modernizing plant facilities and increasing man-hour output. Any such program will call for the investment of huge sums, and if the Europeans have confidence in themselves, this could mean some withdrawal from America of sums that Europeans have long invested here, an outfor which our monetary

The recovery of Europe disturbs will offer in the market of South national defense. America and elsewhere. For my part, I think competition is a wholesome influence in stimulatng technological progress and I have confidence in our ability to survive it. But there is one danger that is serious: we all know how unwholesome are sales made on credit terms that are too long and easy. Too often they turn out Russ Building. in the end to have been gifts. Too often such sales encourage the aunching of unwise projects. Some years ago there started in Europe a movement to pool in-formation about credit facilities underlying export sale. Last

gen stable these three years, struction and Development, Euthe Pinay Government, gene Black, reiterated the need here has been an extraordinary for such a service in his annual ecovery in national production, report. Since then nine European hich promises to accelerate over countries out of the 10 that matter he next few years. In recent have agreed in principle, and the nonths gold has actually come 10th will probably adhere soon. ut of hoarding in substantial This is all excellent news, so far

#### Information on East-West Trade

There is another sphere where believe a pooling of information would be wholesome. I speak of the so-called East-West trade, trade between the West and the Soviet Union with its satellites. With all deference to those who disagree with me, those who oppose such trade in non-strategic goods seem to me not to have considered its advantages for the West. I favor such trade in nonstrategic goods, where credit fa-cilities are not being extended to the Soviet. I favor it because it strengthens the West. Those who oppose it talk as though we were discussing grants-in-aid to the Soviet Union, as though the benefits from commerce are a one-way street. But if we and Western Europe sell to the Soviet we shall also buy from her in equal measure, and the commercial benefits are a stand-off, while there is the additional advantage for us that we shall be penetrating the Iron Curtain. Let us never forget that the Iron Curtain was lowered by the Soviet Government to isolate the Soviet peoples from the West, and it is to our advantage to normalize personal contacts with Eastern Europe. Some are even suggesting seriously that the West should attempt to place an embargo on Soviet gold, as though there is some way of ticketing the precious metal that comes out of Soviet vaults for identification as it slips through channels of world

There is one respect, however, in which trade with the Soviet differs from ordinary trade. It is directed from the Kremlin and could be manipulated for political purposes, with one country played off against another. For this reason I should like to see an agreement among the Western nations to pool and publish an abundance of information about all trade transactions with the Soviet, but on the understanding that, subject to the qualifications I have mentioned, the more of such trade in non-strategic goods the better!

And this leads me to my final point. The strength of Western Europe and ourselves is our only insurace agaainst the threat of our malignant foes in the Soviet Union. Our exports to Europe and the rest of the world contribute much to the strength of our economy, just as our purchases in Europe strengthen our friends and allies. In an expanding economy such as now prevails, the pain necessarily incident to the reduction of tariff schedules is greatly eased and adjustments are tolerable. For my part, I think that our Senators can well take advantage of the present phase of our economic evolution to adopt our President's gently graduated program for tariff reduction. Cerauthorities are doubtless prepared. tainly that measure, wisely administred, will cause our nation ome of my compatriots because no serious hurt, and it will make of the competition that Europe a significant contribution to our

#### Two With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.-William J. Carmichael and A. J. Warkentine have become affiliated with H. L. Jamieson Co., Inc.,

#### Curran Co. Adds

(Special to THE FINANCIAL CHRONICLE) SACRAMENTO, Calif. - Syl-

vester O. Eckstein has been added eptember, the President of the to the staff of The Curran Com-International Bank for Recon- pany, 4336 Fourth Avenue.

## Our Reporter on Governments

🗏 By JOHN T. CHIPPENDALE, JR. 🚍

The government market, in spite of its thinness and professional tinge, has been able to show a somewhat improved tone and to absorb what is being termed a "fair amount" of selling that comes about through switches which are being made out of Treasury obligations. To be sure, there are swops which are being made out of other fixed income issues into government securities but, according to reports, the purchases of Treasury obligations in these switch operations have not been as large as the sales of these same securities in the other exchanges which are being made.

The short-term government market continues to be in good shape and, until there is some change in policy of the monetary authorities, the demand for these securities will continue to be sizable. There has been some scale buying appearing now and then in the intermediate and long-term governments, but the size of these commitments is still limited. No change in this policy is indicated in the immediate future.

#### All Markets Affected by Credit Policy

The credit limiting operation of the monetary authorities is having an influence upon other segments of the money market, aside from Treasury obligations. It is evident that the higher yields which are being registered in corporate and tax free obligations are the direct results of the efforts by the powers that be, to raise the level of interest rates in an attempt to counteract the acion of certain economic forces which are not considered to have a favorable effect upon the economy as a whole. To be sure, the level from which the yield on all fixed income obligations is measured is the return on government securities, and the spread between the Treasury issues and the other securities usually widens when the pressure is on the money markets and decreases or lessens when conditions are easy in the money markets.

#### Long Treasury 3s in Demand

Even though there has been a widening of the spread between the yield in government obligations and non-government securities, it is believed in some quarters of the money markets that this spread will increase with the non-government issues going to higher yields in comparison with the return on government obligations. There are reports also of not a few instances in which non-government issues have been sold and the proceeds put to work in selected issues of government securities. The long-term Trasury 3% bond has been the important issue as far as the reinvestment of these funds are concerned. Pension funds as well as other free institutional investors have been among the prominent ones in this operation.

#### Treasuries in Reverse Swops

In spite of the switches which are being made from the non-Treasury issues into certain government obligations, there are also many cases in which losses have been taken in government securities with the resultant monies being put to work principally in new issues of non-government bonds. The kind of swop from the lower yielding government obligations into the higher yielding new issues of non-government has gained something of a following and will most likely continue for a while, at least, as long as the spread between these two types of securities appears to be large enough to warrant the switch into the non-government issues.

#### **Higher Yields Dominant Factor**

The fact that switches are being made from certain government issues into non-Treasury obligations affording a better return than is available in the government securities, is being helped by the realization that the government obligations fluctuate just as widely as non-government issues. Accordingly, the feeling seems to be why not take advantage of the current situation and improve income by going into the higher yielding fixed income non-Treasury obligations. When money market conditions change for the better, the non-government obligations follow the trend of Treasury issues, which means that the higher yielding non-government obligations will have a comparable recovery in price, which is not an unfavorable development as far as the owners of the latter securities are concerned.

#### Change in Monetary Policy Possible

Although the pressure is still on the money markets, and it is believed in some quarters that it will increase in intensity before there is an improvement in money conditions as a whole, it seems as though the statement of Allan A. Sproul, President of the Federal Reserve Bank of New York, in the annual report of the Bank, indicates some question about the outlook for business in the latter half of 1955. If there should be a change in the trend of economic conditions by or after mid-year, and there are many money market specialists who hold to this opinion, there appears to be no question but what there will be important changes in the monetary policies of the powers that be. The correction of the maladjustments or excesses in the economy would bring about immediate alterations in the program which has been in operation in the money markets.

### **Brown Bros. Harriman Appoint Three**

The private banking firm of Brown Brothers Harriman & Co., 59 Wall Street, New York City, members of the New York Stock Exchange, announces the appointment of three new assistant managers. They are James A. Harper, Fred L. Heyes, and Frank W. Hoch. Mr. Harper came to the bank in 1948 and is in the commercial banking department. Mr. Heyes, with the bank since 1946, is in the domestic bank division of the investment advisory department, and Mr. Hoch, who came with the bank in 1947, is in the foreign investment depart-

### Oscar Miller Joins E. F. Hutton & Co.

E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, have announced that Oscar Maxwell Miller has become associated with them as head of their Investment Research Department.

Mr. Miller, widely known in investment research circles, was formerly with General American Investors, Co., Inc. as a security analyst and served as Secretary and later Treasurer. Subsequently, he headed investment research operations in the brokerage field.

#### Secs. Inv. Co. Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Securities Investment Company has been formed with offices at 1650 California Street to engage in a securities business. Officers are Robert Hayutin, President; Bernice Hayutin, Vice - President; Gerald M. Quiet, Secretary.

#### Six With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. - Dorothy V. Armstrong, Ray B. Brown, Raymond W. Cordtz, Burdett R. Harrison, Arthur J. O'Donnell and Robert R. Rawlings are now connected with California Investors, 3924 Wilshire Boulevard.

#### Sidney Cheldin Opens

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Calif.—Sidney Cheldin is conducting a securities business from offices at 1560 Industrial Street.

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### Govs. of Ass'n of Stock Exch. Firms Will Convene in Pittsburgh

PITTSBURGH, Pa. - The Board of Governors of the Association of Stock Exchange Firms will convene at the William Penn Hotel in this city on March 23 for its annual spring meeting. Sessions will conclude on March 25. John J. Sullivan, senior partner







C. McK. Lynca, Jr.



G. Keith Funston

of Bosworth, Sullivan & Co., Denver, current President of the Association, will preside at the business sessions.

Charles McK. Lynch, Jr., partner of Moore, Leonard & Lynch, Regional Governor of the Association, is supervising the arrangements. Of the 35 members of the Board representing the securities industry from 19 leading cities, 31 are expected to attend.

On the evening of March 23 the Board will be guests of a number of companies whose securities are listed on the New York Stock Exchange at a dinner at the Duquesne Club which will be attended by leading businessmen and financiers of Pittsburgh. G. Keith Funston, President of that Exchange, will make the principal address of the evening.

This will be the first time the Board as a group has met in Pittsburgh since 1947 at which time Joseph M. Scribner, senior partner of Singer, Deane & Scribner, was the Regional Governor. He served as President of the Association in the 1950-51 year and is now a Governor of the New York Stock Exchange.

Established in 1913 and reorganized in 1941 on a national basis, the Association of Stock Exchange Firms has behind it over 40 years of constructive work as an effective trade body for member firms and individual members of the New York Stock Exchange, representing a large majority of those doing business with the public. It does not duplicate the work of that Exchange but supplements it in the best interests of the investing public and of the listed securities industry.

Continued from page 3

## What Can Happen in The Months Ahead!

paid-up life insurance is, it is not possible to estimate, nor is it pos- home starts, will decrease. These sible to state for what purpose two developments in themselves the loans were made. It is prob- will have an impact on the econable that at least part of the pro- omy of the country as a whole ceeds of the loans were used for and bring about a moderate rethe purchase of equities.

What about the future? It is developments during the first than during the second half of months.

(1) In the first place, the momentum of the recovery is strong and the trend is to the accumulation of inventories in anticipation of higher wages and higher prices.

(2) Construction contracts awarded are high.

(3) The seasonal upswing in agriculture and outdoor activity usually takes place during the second quarter of the year. The output of automobiles will continue large for the next months. Wages will continue to rise, thus increasing disposable personal income and the demand for goods and services

The real question is what busiwhat as follows:

(1) The output of automobiles and of other durable consumer goods will decrease. This is bound to take place irrespective of whether or not there is a strike in the automobile industry.

(2) Building activity, notably duction in the level of industrial activity which will be reflected in much easier to predict economic the Index of Industrial Production published by the Federal Reserve Board. The decline, in the general 1955. The recovery which set in level of business activity under during the late fall of 1954 will these circumstances will, however, level of business activity under continue at least for several not go very far since industrial and heavy construction will remain at a high level. The volume of public works, notably roads, schools, and others, is bound to increase considerably and the consumer demand for goods and services will not be seriously affected by a moderate decline in business activity. Moreover, a decline in business activity under the conditions described above is bound to result in a change in the credit and debt management polifew cies of the monetary and Treasreadjustment may be practically 1736 Franklin Street. over and the upward trend in business activity resumed.

If, however, excesses in home A Prediction for Second Half of construction and in the equity market are not checked and the booms in these areas are permitted ness activity will look like in the to run their natural course, then second half of 1955. The answer the decline in business activity to this question will depend pri- when it occurs is bound to be marily on whether the building much more serious than would boom and the boom in the equity otherwise have been the case. One market continue unchecked. If may also expect that with conexcesses in these two areas are tinued excesses in building activcurbed, then the outlook for the ity and in the equity market the mer member of the New York second half of 1955 looks some- credit policies of the Reserve Stock Exchange, Mr. MacKinney authorities will become much more rigid and affect not only selor. the building industry but also all margin borrowers as well as marginal concerns.

building and in the equity mar- passed away Feb. 20.

ket may come to an end toward Continued from page 13 the end of the year and set in motion forces which could not be readily rectified through indirect controls such as credit and debt management policies. Nobody, of course, can predict with any degree of accuracy whether the excesses will be checked in time because human psychology in this respect plays a very important role. We do know, however, that if a larger decline in business activity sets in, brought about by a serious setback in equity prices and by a material decline in home building, it will bring massive intervention on the part of the government. It will take some time, however, before these measures

In a dynamic economy with a high standard of living where the optional demand plays a very important role, fluctuations in production and in distribution are bound to take place. While the statistical information that is available is of great help to those who endeavor to ascertain what the future may hold in store for us, yet such data alone cannot give a clue as to what the ultimate consumer may do or what his reaction to a given economic development may be.

#### Elements of Weakness Exist

Looked at purely from the statistical point of view, the economy of the country is strong and current recovery is on the whole healthy. However, it is evident also that certain elements of weaknesses have appeared. Moreover, it is quite clear that the automobile industry is borrowing at present from the future. The main problem is whether the exuberance in home building and in the equity market can be controlled and checked. If it can, then the decline that may take place in 1955 is likely to be only seasonal in character followed by a recovery in the fall which will carry on through 1956. If, on the other hand, the excesses are permitted to run their course, and particularly if they cannot be checked, then the United States may be confronted with a third postwar readjustment which may be even more serious in character than the ones which we witnessed in 1948-49 and 1953-54. The monetary authorities are fully aware of these excesses and steps have already been taken to curb them.

#### Landau Co. Formed

Theodore A. Landau has formed Landau Co. with offices at 11 Broadway, New York City to engage in a securities business.

#### Mutual Fund Assoc. Adds

(Special to THE FINANCIAL CHRONICLE) SACRAMENTO, Calif. - Walfred C. Dick has become connected with Mutual Fund Associates, 1903 Capitol Avenue.

#### Joins Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

ury authorities. By the fall the staff of Mutual Fund Associates,

#### Two With H. L. Jamieson (Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward M. Gaugl and Charles H. Keyser have joined the staaff of H. L. Jamieson Co., Inc., Russ Building.

#### John R. MacKinney

John R. MacKinney passed away March 8 at the age of 54. A forwas active as an investment coun-

#### Benjamin H. Roth

Benjamin H. Roth, member of If not checked, the boom in the New York Stock Exchange,

## We Can Expect a Sustained Housing Demand

tagious virus of the do-it-yourself all of the factors I have mentioned movement explain much of the demand for single-family homes. The shorter work-week and the gluts and vacancies, especially growth of leisure time play their part. To entertain at home, to ties. I would expect credit to remake and do things at home means emphasis on houses, and terms, with bankers exercising particularly on owner-occupied houses.

In addition to this trend toward one-family homes, a second important change has been toward struction economist who believes bigger houses. It has been estimated that the average floor area of houses has jumped 5% since as the rest of the economy re-1951; and the Veterans Administration has reported a substantial increase in the proportion of G. I. homes in the over-\$10,000 bracket. Back of this trend are probably two factors-availability of financing and the pressure of more children per family.

We are building houses at a tremendous clip. Nonfarm dwelling units have been started in the past few months at annual rates up to almost a million and a half a year. Our Dodge contract award figures for January and February indicate that these high levels will continue at least for a few months.

#### Some Tapering Off May Be Expected

Can we sustain this rate indefinitely? I rather doubt it. I would expect some tapering off in the pitals, churches, public building rate of starts and contracts later this year.

But will that be disastrous? doubt that, too. There may be periods and places where housing nity buildings (including schools will remain unoccupied longer than the builders or owners would residential, exceeding industria like. But, in general, and over the long run, the demand for housing in this country will remain strong.

Much is heard about the fact that new household formations today equal only about half the number of new housing units started. A household, by definition, equals one occupied dwelling unit; thus, the argument runs, if we build a million new units, and only form half a million new households, half a million new dwelling units will remain unoccupied.

This just isn't so, because much of the demand for new housing comes from old households-the ones with growing numbers of children or with rising incomes or accumulated savings. Obviously, if we add to our stock of homes more than we add to households, there will be vacancies, but not necessarily in the new housing.

In this connection, we must keep in mind two facts: first, a substantial number of dwelling units are destroyed each year, although we have practically no OAKLAND, Calif. - Edgar C. statistics on how many; and sec- highways are woefully far behind Button has been added to the ond, a sizable number of those Probably for as far as we can staff of Mutual Fund Associates, which are not destroyed are so into the future, we will witne substandard that they should be high levels of highway building torn down. Vacancies in this type of housing would be highly desirable. If we built as many as 300,-000 units a year for replacement only, we would replace our present stock of housing only once in 150 years-and obviously, a lot of our housing isn't built to last that long.

> Now it is true that net new household formation is at a low ebb right now. This reflects the low point in births reached in the depression some 22 years ago. From here on, we can expect a gradual rise in household formations for a few years, and beginning about 1961, a tremendous upsurge to heights never before over, so we took it down! known. During this coming fiveyear period, I would expect housing demand to be sustained, not The construction industry at a million and a half a year, but healthy, but a regular physical

home entertainment and the con- certainly well over a million, b

I would expect to find som local problems, some temporary rental properties in some locali main available on relatively easy due prudence in accordance with the conditions they see in their own areas. But I don't believe and I can't find any other con that we are facing a boom-andbust situation in housing so long mains prosperous - as it apparently will remain.

Certainly, the construction industry will contribute its share to the general prosperity in 1955.

School building, which now ac counts for nearly a third of al nonresidential building, will set new records this year and in years to come. The number of children in every grade will continue increase at least through 1960 The children who will enter school in the next five years are already born, so this isn't mere specula-

Other community buildings which, like schools, follow the trends of growth and movement of population, will behave in a similar fashion. These include hosand social and recreational facili ties. Never underestimate the im portance of this group. In 1954 for the first time, these comm totaled more than half of all no and commercial building combined.

Public utilities will respond the same demand factors.

Commercial and industrial buil ings, being producer types, a bound to respond to the deman pressures of a growing and m prosperous population. There one important footnote, howev During and after the Korean W industrial facilities apparent reached a temporary saturati point; they were the only maj construction category (other th apartments) to show a drop in th record year of 1954. Industri plans indicate a continued dr this year, to a relatively low point But, with demand pressures i creasing, this type of building should begin to show an uptur before long. Commercial build ings respond more directly to pop ulation growth and movemen and should set a new record in

Highway needs are obvious. The number of cars has approximately doubled in the past 10 years; of

Obviously, we don't want to l this rosy outlook carry us beyon our depth. We must keep our eyes open and our brains alert.

I have heard of a school teacher who, in the course of a tour of the west, was taken by a native guid to see a particularly stupendo canyon. As she stood on the eds of a sheer precipice, she shiver (probably from acrophobia) a said to the native, "This cliff look awfully dangerous. Shouldn somebody put up a warning sign

"Well, ma'am," said the native "we did have a sign up for couple of years, but nobody fel

We will do well to keep the warning signs tacked in place

7, 1953

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You, as bankers, have a unique develop. role to play in this regular checkroads of local finance will enable faith is justified.

Those who have faith in our up. The basic demand for build- competitive enterprise system hold ing is good, and promises to stay to the belief that the sum total that way. What problems appear of informed individual judgments will very likely be of a local na- equals sound economic policy. ture, and they will often be tem- Seldom has there been a better porary. Your position at the cross- opportunity to prove that this

Continued from page 4

## The State of Trade and Industry

United States assembly plants scheduling Saturday work the past week included divisions of General Motors, Chrysler and Ford Motor Co. plus Studebaker.

"Ward's" said American Motors continues to press Studebaker-Packard Corp. in weekly passenger car production. Some United States plant next week will complete the 2,000,-000th passenger car or truck since Jan. 1, 1955.

#### Steel Production Scheduled This Week at 92.5% of Capacity

Steel production is so good that weekly tonnage is only a shade under the record, says "Steel," the weekly magazine of

metalworking, the current week.

A rise of 4.5 points in the national rate would yield a tonnage equal to the record of 2,324,000 net tons made in the week ended March 29, 1953. To match it, the operating rate would have to be

All this year the rate has climbed. It rose another point in

the week ended March 13 and registered 91.5%.

A new record in weekly tonnage could be set in 1955 at a lower percentage of operations than in 1953. The reason, states this trade journal is bigger capacity now. In setting the weekly record of 2,324,000 tons in 1953, the industry had to operate at 103.1% of capacity. Then its weekly capacity was 2,254,459 net tons. Now, it is 2,413,278 net tons.

The 91.5% rate in the week ended March 13 yielded 2,208,000

tons of steel for ingots and castings.

A year ago, the national steelmaking rate was only 70% of capacity. What's causing steel demand to be so high now? Three things: good business in the metal consuming industries, completion of inventory reductions and some rebuilding of metal inventories, "Steel" observes.

Steel consumption was not so low as steel production last year. Consumers were using more steel than they were buying;

and living to a great extent off their inventories.

Many people attribute a lot of the boom in steel demand to the high output of automobiles, declares this trade magazine. Ordinarily, the auto industry takes about 20% of the finished steel made. When the figures become available, they probably will show that the auto industry took close to 25% of the first quarter's mill shipments of finished steel. You will also hear that this high rate of auto output feeds other industries. Even so, the auto industry cannot take all the credit for the boom in demand, concludes "Steel."

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 92.5% of capacity for the week beginning March 14, 1955, equivalent to 2,232,000 tons of ingots and steel for castings as compared with 92.9% (revised) and 2,241,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955. For the like week a month ago the rate was 89.1% and production 2,150,000 tons. A year ago the actual weekly production was placed at 1,613,000 tons or 67.6%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,-

#### Electric Output Eases Slightly the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 12, 1955, was estimated at 9,726,000,000 kwh., according to the Edison Electric Institute.

This week's output declined 1,000,000 kwh. below that of the previous week, when the actual output stood at 9,727,000,000 kwh., but increased 1,207,000,000 kwh., or 14.2% above the comparable 1954 week and 1,588,000,000 kwh. over the like week in 1953.

#### Car Loadings Rise 3.7% in Post-Holiday Week

Loadings of revenue freight for the week ended Mar. 5, 1955, increased 23,522 cars, or 3.7% above the preceding holiday week, according to the Association of American Railroads.

Loadings for the week ended Mar. 5, 1955, totaled 658,975 cars, an increase of 68,399 cars, or 11.6% above the corresponding 1954 week, but a decrease of 25,889 cars, or 3.8% below the corresponding week in 1953.

#### U. S. Automotive Canacity Shows a Gain of 5.4% Above Preceding Week

The automobile industry for the latest week ended Mar. 11, 1955, according to "Ward's Automotive Reports" assembled an estimated 172,432 cars, compared with 167,811 (revised) in the previous week. The past week's production total of cars and trucks amounted to 193,314 units, an increase above the preceding week's output of 9,566 units, or 5.4%, states "Ward's." Last week's car output slightly exceeded that of the previous week, "Ward's" notes. In the corresponding week last year 110,592 cars and 22,081 trucks were assembled.

Last week, the agency reported there were 20,882 trucks made in the United States. This compared with 15,937 in the previous

week and 22,081 a year ago.

330,410 tons as of Jan. 1, 1954.

Canadian output last week was placed at 9,035 cars and 860 trucks. In the previous week Dominion plants built 8,369 cars

check-up never did any one any you to do much to spot and con-harm. trol these problems before they and 2,090 trucks. and for the comparable 1954 week 8,715 cars 0 to -4; Pacific Coast -2 to +2; South +2 to +6; East +3 to +7;

#### **Business Failures Show Slight Increase**

Commercial and industrial failures rose to 257 in the week ended Mar. 10 from 222 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level in five weeks, casualties were up moderately from the 229 occurring a year ago and exceeded considerably the 1953 toll of 165. However, mortality continued 10% below the pre-war level of 286 in the similar week of 1939.

Failures involving liabilities of \$5,000 or more increased to 217 from 183 last week and were higher than in the comparable week of 1954 when 201 of this size occurred. Meanwhile, small casualties, those with liabilities under \$5,000, edged up to 40 from 39 and also exceeded their toll of 28 a year ago. Liabilities above \$100,000 were incurred by 20 of the failing concerns as compared with 12 in the previous week.

The upturn was concentrated in retailing where casualties climbed to 143 from 114 and in commercial service where they jumped to 19 from 7. On the other hand, the toll among manufacturers dipped slightly to 43 from 46 and among wholesalers to 27 from 30. Construction held steady at 25. Mortality equalled or exceeded the 1954 level in all industry and trade groups except manufacturing; the most notable upturn from a year ago appeared in retail trade.

#### Wholesale Food Price Index Registers New Low for Year

Moving downward for the sixth successive week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell sharply to \$6.55 on Mar. 8, from \$6.63 a week earlier. This marked a new low for the year, and the lowest level since Nov. 24, 1953, when it stood at \$6.53. The current figure compares with \$7.25 at this time a year ago or a drop of 9.7%.

Moving higher in wholesale cost last week were oats, eggs and lambs, while declines were listed for flour, wheat, corn, rye, barley, bellies, lard, sugar, tea, cocoa, steers and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

#### Wholesale Commodity Price Index Declined to Lowest Level Since Early August

Reflecting the general weakness in leading commodities, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to the lowest level since early August during the past week. The index closed at 273.33 on Mar. 8, as compared with 274.82 a week earlier and with 277.81 at this time last year.

Grain markets continued to weaken as the limited demand failed to absorb offerings.

Prices firmed up somewhat and made modest recoveries around mid-week but renewed liquidation in closing sessions caused a further sharp setback and values generally closed substantially below a week ago with most future deliveries selling at new lows for the season.

Export trade in both wheat and corn remained in limited volume. The condition of the Winter wheat crop was said to be good except for some dry sections of the Southwest. Average daily purchases of grain and soybean futures on the Chicago Board of Trade last week were somewhat smaller and totalled 55,900,000 bushels, against 60,100,000 a week previous and 67,100,000 in the corresponding week a year ago.

With most bakers and jobbers holding emple balances to draw on, domestic flour bookings remained small last week.

The lagging demand for flour was attributed to the weakness in grain markets, large wheat stocks and slow export business in wheat and flour.

Cocoa values were sharply lower for the week. Depressing factors included sharp declines in the London market, limited manufacturer interest in the spot market and reports of lower asking prices by the British Marketing Board. Warehouse stocks of cocoa were reported at 134,925 bags, up moderately over the previous week and the same date a year ago.

Coffee prices were steadier under the demand stimulated to some extent by the United States Department of Commerce report showing inventory of coffee held in first hands in the United States at the year-end at 2,144,000 bags, or considerably less than the trade had expected. Both the refined and raw sugar markets were dull with prices trending easier. Lard prices moved downward under liquidation induced by lower hog values and increased production of lard. Live hog prices, under heavy market receipts, dipped to the lowest levels since 1950.

Spot cotton prices declined steadily the past week under persistent seiling pressure.

The weakness was attributed to heavy liquidation by speculative as well as foreign interests, slow domestic and export demand, lagging business in textiles and reports of increased raw cotton production in Mexico and Pakistan.

Activity in the 14 spot markets increased with sales totaling 151,800 bales, against 137,100 the week before. CCC loan entries during the week ended Feb. 25 dropped slightly to 15,400 bales, from 16,500 a week earlier. Loan repayments on 1954 cotton during the same week were 29,200 bales, compared with 30,100 the preceding week. CCC stocks of all cotton held on Feb. 25 totaled about 8.579,000 bales, against 8,338,800 on the same date a year ago.

#### Trade Volume in Latest Week Registered Moderate Rise Over Previous Week and Like Period a Year Ago

Warmer weather in many parts of the country brought shoppers out of their homes and into the stores during the period ended on Wednesday of last week. Retail sales were moderately higher than in both the preceding week and the corresponding priod a year ago.

The amount of trade in the Midwest was unusually large as compared with last year, when snow storms crippled retail activ-

The total dollar volume of retail sales in the week was estimated by Dun & Bradstreet, Inc., to be 2% to 6% above a year ago. Regional estimates varied from the corresponding 1954 levels by the following percentages: New England -1 to -5; Northwest

Southwest +4 to +8 and Midwest +5 to +9.

Although new automobiles continued to sell in much greater numbers than a year ago, there was a slight decrease from the prior week.

More dealers offered new models at below list prices and granted large trade-in allowances. Used car buying improved, as did purchases of gasoline and parts.

The demand for home furnishings fluctuated considerably the past week. Living room furniture, curtains and draperies were generally among the more popular items. Sales of television sets increased in some areas. Drastically reduced air conditioners sold well in the East, South and Midwest.

In the wholesale trade improved buying of apparel and household goods was offset by decreased trade in textiles and food the past week. No change was reported from the preceding week in the dollar volume of wholesale transactions. Seasonal influences accounted for the uneven activity, but over-all buying was considerably higher than a year ago.

Department store sales on a country wide basis as taken from the Federal Reserve Board's index for the week ended March 5, 1955, advanced 15% from the like perriod last year. In the preceding week, Feb. 26, 1955, a rise of 3% (revised) was registered from that of the similar period of 1954, while for the four weeks ended March 5, 1955, an increase of 6% was recorded. For the period Jan. 1, 1955 to March 5, 1955, a gain of 7% was registered above that of 1954.

Retail trade volume in New York City the past week advanced about 7% over that of the corresponding period of last year due to favorable weather and pre-Easter shopping.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended March 5, 1955, rose 4% above that of the like period of last year. In the preceding week, Feb. 26, 1955, no change was recorded. The same was true for the four weeks ending March 5, 1955. For the period Jan. 1, 1955 to March 5, 1955 the index advanced 1% from that of

#### With Townsend, Dabney

(Special to THE PINANCIAL CHRONICLE)

LAWRENCE, Mass.—Leo J. Seman has become associated with Townsend, Dabney & Tyson, 301 Essex Street.

#### Hanrahan Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. - George V. Uihlein, Jr., is now connected with Hanrahan & Co., 332 Main Street, members of the Boston Stock Exchange.

#### Joins Parcells Staff

(Special to THE FINANCIAL CHEONICLE)

DETROIT, Mich. - Henry A. Beck is now with Charles A. Parcells & Co., Penobscot Building, members of the Detroit and Midwest Stock Exchanges.

#### With Goffe & Carkener

(Special to THE PINANCIAL CHRONICLE) KANSAS CITY, Mo. - Richard R. Jackman has become associated with Goffe & Carkener Inc., Board of Trade Building, members of the Midwest Stock Ex-

#### Joins Moors & Cabot

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. - William V. Ellis, Jr., is now with Moors & Cabot, 111 Devonshire Street, members of the New York and Boston Stock Exchanges.

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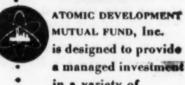
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## Mutual Funds

## **Equitable Securities Group Offers Atomic Development Fund Shares**

Mutual Fund, Inc. Purchase price of the shares, to be determined twice daily, will be asset value plus a selling commission, cur- nuclear or atomic fields. rently about \$15.04 per share.

As of March 8, 1955, Atomic Development Securities Co., the fund's distributor, suspended all sales of shares in the Fund except for periodic purchase plans until the expiration of the underwriting

Atomic Development Mutual Fund first offered shares publicly ties Co. in December, 1953. The Fund may invest in government securities and securities of companies parfrom atomic science. Two general

FUNDS, Inc., today reported an

increase in its net assets to \$52,-

583,946, on Feb. 28, at the close

of the first quarter of the fiscal

year. Net assets on Nov. 30, 1954,

at the end of the Fund's business

a mutual fund offering a complete

program for investment income,

with holdings in bonds, preferred

Net asset value per share in-

During the quarter just ended,

important changes in Diversified

Investment Fund's portfolio in-

cluded the addition of American

stock; Tide Water Associated Oil,

\$1.20 preferred; Virginian Rail-

way, 6% preferred; and common

stocks of Boston & Albany Rail-

road. American Brake Shoe (Com-

pany) and Chesapeake & Ohio

Corporation, International Paper

Company, Goodyear Tire & Rub-

Railway, \$6 preferred.

Works, 51/2 % preferred

creased from \$8.37 on Nov. 30 to

\$9.02 on Feb. 28, an increase of

stocks and common stocks.

Diversified Investment Fund is

year, were \$47,857,797.

A nationwide underwriting types of companies are invested group of over 150 firms headed in by the Fund: (1) Companies by Equitable Securities Corp. is participating directly in some field offering publicly over the next 30 integrally related to modern days 1,250,000 shares of capital atomic science and research, such atomic science and research, such stock of Atomic Development as mining and processing uranium; and (2) Companies established in other fields of endeavor which are acquiring know-how in

It is the policy of the Fund to restrict investments in the latter category to not more than 40% of the total invested in non-government securities.

Merle Thorpe, Jr. is Chairman of the Fund, and Newton I. Steers, Jr. is President. Both are partners. in Atomic Development Securi-

Net assets of the fund have grown from approximately \$100,-000 in December 1953, to \$19,854,ticipating in activities resulting 643, or \$13.91 per share, on Mar.

#### World Bank Lends **DIF Reports** Quarter's Gain

organized by private investors in DIVERSIFIED INVESTMENT India, the United Kingdom and United States — Industrial Credit & Investment Corp., Ltd.has received a loan of \$10,000,000 from the International Bank for Reconstruction and Development.

> these new assets and others, will purchase shares in Indian industrial companies; underwrite new issues of securities; guarantee loans by other investors, and help Indian industry to obtain managerial, technical and administrative advice and assistance.

As quickly as possible, the company will sell its holdings to other nvestors thus enlarging the capital market and freeing its own assets for new commitments.

The corporation was formed after the outgrowth of discussions last year in India by George D. Woods, Chairman of First Boston Corp., and Robert H. Craft, Exican Securities Corp.

NET ASSET VALUE of The Stein Eliminated from the portfolio Roe & Farnham Fund now were common stocks of Philco amounts to \$11,727,528.97, equivalent to \$29.09 on each of the 403,-146 shares presently outstanding, pany's standards are found, ber Company, and Nickel Plate This compares with a net asset value of \$7,787.985.36, or \$24.12 a mutual fund investing only in outstanding March 10, 1954.

bonds, has just issued its 1955 Prospectus. Dealers or investors 000 as of March 10, 1955, equal to \$27.53 per share compared with

## To Investment Co.

A quasi-investment company

The investment company, with

## Plan Investment Company Based on Latin American Assets By CHARLES BROPHY

pany industry may soon count Latin-American countries. among its members a closed-end American-capitalized investment company which will invest its assets in new and going businesses in Mexico, Central America and South America.

Negotiations are being carried on in New York by Rudolf S. Hecht, conceiver of the company, and leading investment bankers and specialists. A search for competent investment management personnel is now under way.

The new company, which is expected to be titled the "Western Hemisphere Investment Trust, or "Inter-American Investment Trust," will match American dollar capital with local South American capital in varying ratios.
"From 10 to 40%," Mr. Hecht cited as an example.

Latin Americans cheered at the Inter-American Investment Conference two weeks ago when Mr. Hecht floated a trial balloon by suggesting a pool or several pools of private American investment for outstanding service to the b capital to be put into an investment company for the financing tions. of South American businesses.

Mr. Hecht, past President of the American Bankers Association, Chairman and founder of the Mississippi Shipping Co. and retired Chairman and President of the New Orleans Hibernia Bank & Trust Co., is Chairman of International House in New Orleans, which co-sponsored the conference with tional." "Time-Life-Interna-

the suggestion of President Eisen- period of 1954. hower's International Development Advisory Board.

Mr. Hecht, who envisoned an optimum size for the company of between \$100,000,000 and \$250,-000;000, said the raising of capital did not present a prob'em. "The crittcal factor," he stated, "is the assembling of investment management for the company"

The first offering of the closedend investment company's shares is expected to be between \$10-000,000 and \$15,000,000. A greater amount of capital at one time, Mr. Hecht explained, would be ecutive Vice-President of Amer- difficult to move into desirable investment positions within a reasonable amount of time.

As it is, the company may well invest in seasoned securities of Latin American industries while investments meeting the com-

It is now believed that the first offering of the company's securi-MANHATTAN Bond Fund, Inc., per share, on the 322,873 shares ties will be a public one, but Mr. Hecht said it was also possible that an initial sale of shares TOTAL NET assets of Chemical might be privately subscribed by the position of General Countries. desiring copies should write Hugh Fund, Inc. approximated \$81,223,- a relatively few substantial in- for the company since May 19 vestors. The investment objective of the

Net assets of Manhattan Bond aggregate net assets of approxi- of capital gains - an objective who, until recently, occupied the Fund as of Feb. 25, were \$25,684,- mately \$59,648,000, equal to \$20.83 suited, Mr. Hecht said, for the position. Mr. Norton will come 000. There were 11,642 share- per share on the same date a year sophisticated investor, and not for tinue his long association with the the "average investor."

Mr. Hecht thought American investors, overly-concerned with the Emeritus.

The American investment com- political instability of certain pressing problem of currency flation and the braking effects exchange control, were overloo ing the relatively greater investigates ment opportunities and gains be found "South of the Borde

In his discussions of these prolems, he drew a parallel betwee "over-discounting" of American industry or a comm stock and the "over-discounting of a South American nation ter porarily faced with a weaker cu rency and an adverse balance

Listing of the company's share on a national exchange has yet been considered, he reporte

Mr. Hecht returned to New ( leans this week, stating definit progress had been made in bring ing "interested people" in Ne York into agreement.

He is associated with the Co dell Hull Foundation for Intern tional Education, and in 1948 w the Thomas F. Cunningham awa terment of Latin American rel

RECORD February sales of \$6 209,056 were reported by Tele vision-Electronics Fund. gross sales compare with \$1,119 259 in the corresponding mo last year.

Gross sales for the first f months of the Fund's fiscal (which began Nov. 1, 1954) w also at an all-time high of \$2 198,664 or more than four tir The conference was held upon the sales of \$4 252,191 in the sales

Television-Electronics total net assets on Feb. 28, la were \$87,421,938, equal to \$11. a share on the 7,751.402 share outstanding on that date.

#### Personal Progress

Emory T. Nunneley, Jr., Washington, D. C., has been elected to the office of Gener Counsel of Investors Diversifi Services, Inc., it was announce by Willis I. Norton, Vice-President-Law Emeritus of that com

Mr. Nunneley since 1946 h been the General Counsel of Civil Aeronautics Board, and pri to his first association with the Board in 1940, was associated a number of years with the N York law firm of Root, Cla Buckner and Ballantine.

It was also announced that Jo W. McCartin, who has occupi has been elected Vice-Presi company will be the production Law. He will succeed Mr. North company as Vice-President-La

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ries,

TAL net assets of Boston Fund, of the largest mutual funds in country, increased by \$21,528,during the fiscal year ended 31, 1955 to reach \$121,457,845 nd's 23rd annual report just

effects Exclusive of capital gains disoverlook er invest gains 1.05 at the beginning of the supported by fact. Border" r. A capital gain distribution l between commo 27 cents a share was paid. Diviscounting nds per share from investment tion tem ome totaled 93 cents against 87 eaker cur nts for the previous year. The palance of 39,171 shares outstanding last y's share ar earlier the figure was e has n

reported Henry T. Vance, President of New Or Fund, observes that, "Early g definit 1954, your management placed in bring eater emphasis on the Fund's in Nev dings of common stocks and reased bond holdings accordly. This change ad ed to the the Cor rease in per share net asset r Interna lue (24% including the capital 1948 w ns distribution) and resulted nam awar an improvement in income." to the be

arts and a table which shows at 27.1% of net assets at the les of \$6, cal year-end was in fixed inby Tele securities and cash, with in common stocks repreth \$1,119 ting 17 different industry clasing mont ications. Also included is a tion with photographs of the nd's directors and members of advisory committee, with brief fiscal yea servations by each of them, re-1954) wer sh of \$22. ing to various phases of operan and management.

The report includes a number of

#### United Utah Uranium

SALT LAKE CITY, Utah mpany is engaging in a secues business from offices in the son Building. Joe Doctorman principal in the firm.



supervised portfolio of chemical curities, selected for long-term growth of capital and income.

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BOND, PREFERRED AND COMMON STOCK FUNDS

he Keystone Company

Congress Street, Boston 9, Mass. Please send me prospectuses describing Organization and the shares of your

Continued from page 22

# Mutual Funds—A Stabilizing Factor in the Securities Market

might produce instability in mar- ably be a more orderly effect. ket price levels involves a numbutions, the net asset value per of some of these is open to serious re increased to \$29.34 from question. Others are simply not

(1) The thesis incorrectly asese prob 66 cents a share was paid to sumes that mutual fund shareareholders of record last Jan. 31. holders regard their shares as a year ago a similar distribution speculative holding for quick profit, not as a long-range investment to meet long-range objectives. It also implies incorrectly that fund shares could be subject to forced liquidation in the man-31 constituted a new high. A ner of margin-held individual securities. It is a fact that by Federal Reserve regulation, mufor margin accounts. . . .

industry assets-money that can ness of a possible "run" ment policy, to meet redemptions, fied: if they should arise, without immediate sale of any portfolio security.

(3) The thesis also overlooks the fact that throughout the history take place. There were no such of the open-end investment com- runs in 1929 or the early thirties pany business sales of new shares have been a continuing source of liquidations that ever occurred in new cash to the companies—cash this country. There were no such that could be used to meet redemptions

(4) The thesis ignores the fact that investment company holdings widely diversified among many different securities and any liquidations would involve selective and orderly disposition of their funds. But it is inconceivrelatively small blocks of various

(5) It also ignores the fact that would be an unlikely coinited Utah Uranium Brokerage cidence if two or more companies should decide to liquidate the same issues at the same time, due to the wide differences between companies in investment objectives, policies, and market judgunlikely when one considers the extremely wide diversification of investment between companies. For example, the 59 investment companies which are subject to the New York State franchise tax alone held, in 1954, the securities of 1,535 different issuer corporations and even more different issues, since many investment companies held different issues of the same corporation, available, sales of new mutual I suspect that the nation's investment companies may hold as tional cash for investment. Even preferred stocks, and bond issues.

(a) Another factor overlooked offer considerable protection portfolio securities and have been should some unlikely, unforeseeable event or force set off a catastrophe in the market. this occur, the SEC would unorder the securities markets closed. In such a situation, open-end investment company redemptions would be suspended.

(7) This theory . . . implies that the mutual funds create listed securities in addition to those previously available in the market place. This simply is not so. A mutual fund owns securities which would otherwise be owned by individual investors or other carefully managed, widely divertradiction to all previous experi- of our nation's economy. The ence, a high percentage of mutual antithesis of speculation, the inholdings, no more stocks would range family financial planning, case if all the mutual funds' hold- of the ownership of business and ings were in the hands of indi- industry.

mutual fund shareholders and vidual investors. The effect on that date, according to the that the companies themselves the market would, in fact, prob-

> This question of an accelerated ber of assumptions. The validity rate of redemptions has been raised before, once following the market break in June, 1950, at the outbreak of the Korean War. At that time a study was prepared by the Association which conclusively proved that during the period of the break, mutual fund purchases of portfolio securities substantially exceeded sales. With equal conclusiveness it proved that investor purchases of mutual fund shares were considerably in excess of share redemptions at the time. . . .

> At hearings before the Senate tual fund shares are not eligible Banking and Currency Committee in 1940 on the bills introduced (2) This thesis ignores the fact to regulate investment compathat investment companies have, nies, the manager of an investas an institution, a liquid cash ment company referred to a position equal to roughly 5% of theory advanced by an SEC witbe used consistent with invest- investment companies, and testi-

> > "There is nothing in the 16-year record of the open-end trusts that gives the slightest reason for the belief that 'runs' on them would during the heaviest security runs during the violent market decline of 1937. The shares of an open-end company are not a bank deposit. It is conceivable that all the depositors of a bank might decide at the same time that it was wise for them to withdraw able that all the holders of an open-end trust would simultaneously decide to liquidate their investment. The very market action that would cause some holders to liquidate would cause others to hold or increase their investment.'

The effect of mutual fund shareholders and of company thus far, been diametrically opposed to the assumption by some people that mutual fund shareholders would initiate a redemption "run," forcing the investment companies to make substantial portfolio liquidations and, by this action, contribute to further lowering of market levels.

In every year for which data are Though the data are not available, fund shares have exceeded redemptions, providing net addimany as 2,500 different stocks, in periods—especially in periods of general market liquidationsthe mutual funds have had new that the powers of the SEC money availablee for purchase of buyers on balance.

#### Conclusions

The nation's investment companies are growing along with the rest of the economy growth of the business in the past 15 years is a factor of strength in our economy, acting as a stabilizing factor in the nation's securities market.

In the years to come, the investment companies will prove, I believe, an even more popular medium for investment by men, women and institutions who seek institutions. Thus, even if in con- sified participation in the growth fund shareholders should simul- vestment companies are making a taneously decide to redeem their genuine contribution to longbe brought to the securities mar- and to the economically and ket for sale than would be the socially desirable democratization

## Securities Salesman's Corner

**■** By JOHN DUTTON **■** 

#### Concerning Pigeons

for the Stock Exchange to "lure" people into buying stocks. I think States, it is! I've been "luring" people I her into buying stocks since 1925committee and I'll tell you a nice

sore if you agree with them, if you reply, "I am crazy about them." you compliment them and take an there have been more stocks sold to people because someone liked some fellow who told him to buy Silver Plated Door Knob convertible preferred than for any other reason. The American people are a trusting, likable, easy going population who buy billions of dollars worth of everything from patent medicines to gilt plated automobiles because they have been "lured" into it. They don't look under the hood-they don't look at the prospectus—they trust the firm and the man who sells them.

I think it is most important that in any business (including the stock business, of course) that the seller does not abuse the buyer's "lure" into becoming one of your children. customers to stick with you then you must treat him right. But you can't sell him the second time UNLESS YOU SELL HIM THE FIRST TIME. "Lure him, lasso him, cajole him, entice him, but get him to sign on the line"; it's This becomes even more portfolio practices in times of an old American custom, whatever a great market for our domestic our share of America!

The other day a Senator who is production is not what Europe conducting a "friendly study" of buys, or Asia, or Africa, it's bethe stock market was quoted as cause we have learned the art of asking whether or not it was right selling people what we make, right here at home in these United

I heard this story last week. A very successful man was asked that's the way I've made my liv- the secret of his wide association ing. If I would have sold cheese, of friendships in all walks of life. lawnmowers, bubble gum, or in- His frank answer was that he surance, I'd have "lured" my pros- talked about things that interested pects into buying what I was the person with whom he was selling just as diligently as I talking. He put himself in the lured" them into buying stocks. background and he discussed the Now Senator, let's be friendly, you other man's interests. He put it promise not to send for me to this way. If he met a man for appear as a witness before your the first time and they started to speak and the other fellow asked him, "Do you like pigeons?", One nice thing about this coun- would answer, "Do you?". If the try of ours is that no one gets other fellow said "yes" he would like them and tell them so, or if Call it anything you wish but this world of ours is made up of peointerest in their affairs. I guess ple, not saints. We all have our ways, our idiosyncrasies, and our pet foibles-but one thing we all have in common-our ego!

You are not going to sell securities unless you make them attractive. A 6% return is twice that of 3%. This great, growing country offers untold opportunities to investors in American business firms for growth of their capital that a static investment in dollars will never provide. True enough, the stock market will go up and down, but in a free America not restricted by the will of shortsighted politicians, let us hope that we will be able to continue to "lure" millions more of our people into becoming shareholders in American business, so that we can confidence. If you want those you keep this country "free" for our

"Come on and buy them-they have been going down again. The lower they go the more you can get for your money." That's the kind of advertisements we ought to be able to write after the market has had a substantial decline. general market liquidation has, you call it. The reason we have Come on little pigeons, let's get

Talking Calm Sense!

Senator Capetart asked the General (Wood), who is one of the trustees (of the Sears, Roebuck & Co.'s pension and, if he believed the stock mar-



Gen. R. E. Wood

ket was too high or too low. "I wish I knew," General Wood replied. "I think that the stock market depends on the country and the country is growing."

"Do you think, the Senator asked, "that the rise in prices is due to scarcity of stock?"



Homer E. Capehart

"I should say so," the witness said. "Conditions are different from those in 1929. More people are buying for cash. But I don't know about the market. If we don't have a war and if we continue to prosper, the market may not be too high.'

"Then," Senator Fulbright asked, "why don't you buy some stock with that \$90,000,000?

"It may not be too high," General Wood said, "but I don't want to risk the employees' money at this level." - Colloquy in course of Senator Fulbright's "study" of the stock market.

These seem to us to be sensible answers by a sensible man. Would there were more like General Continued from first page

## Some Economic Issues Today— **Including Stock Prices**

lieved. The tendency now is to success in making necessary readlet economic affairs take their justments in the past encourages course. But economic ills are us to believe we can have equal best dealt with by prophylactic success in the future. A recent measures taken to prevent trouble before it appears, rather than by therapeutic measures improvised in the midst of difficulties. It is well to look ahead for points of possible trouble, and to place ourselves in a position to avoid or minimize it.

In the limited time at my disposal, let us focus attention on the of unemployment caused by the following impending three economic issues:

First, how can employment be maintained at a high level in the face of rapid technological

Second, how can we guard against speculative excesses, especially in the stock market, without curbing investment un-

Third, how can the foreign economic policy of the United States contribute most to our own prosperity and that of the Free installing and repairing equip-world?

#### Employment and Technological Progress

There are many who fear that the fast pace of technological development in the American economy poses a serious problem of unemployment, now and in the future. As more specialized and automatic machinery and equipment replaces the repetitive work of human hands, workers will be displaced from their jobs. The 'automation" of factories, and of offices and commercial establishments as well, may mean that production can be enlarged while employment is falling. When Metropolitan Life Insurance Co. installs a punch-card system of recording payments of insurance premiums that replaces several thousand clerks, or when Lockheed Aircraft Corp. installs an electronic "brain" which replaces dozens of machine computers, or when Sun Oil Company builds a \$20 million petroleum refinery whose operation is so automatic it can be run by 20 men, we see instances of technological displacement of manpower. Is our economy resilient and flexible enough to adjust to these changes? Will it open up enough new employment opportunities to absorb those who are technologically displaced, along with new entrants into the work force?

I do not minimize the importance of the problem of adjustment to technological change, especially when there is good evidence that the rate of change is rising as a result of stepped-up research and development activities in our universities, in government, and in industry. Between \$4 and \$5 billion a year is now being spent on scientific research and development in the United States, whereas only about \$1.5 billion was spent annually a decade ago. It is reasonable to believe that this is accelerating the development of new processes and methods of production, and is making the productive process ever more automatic and efficient.

Nevertheless, the problem of generating sufficient new job opportunities to prevent unemployment from becoming troublesome can be solved. It is necessary to recognize two facts: In the first place, "automation" is not a new economic development, but sim- am speaking of possible future ply a continuation-perhaps at a developments; not of the current to fill the so-called "dollar gap" the security markets. Recklessquickened pace-of the age-old stock market. Despite the dra-

economic policies, we are re-factories, offices and stores. Our study made for the Council of Economic Advisers indicated that businessmen in a number of industries materially affected by new developments thought their employment rise over the next six years would be almost as large as their increases in output.

In the second place, the amount installation of new machinery is commonly exaggerated, because of failure to take into account the increased employment opportunities created by the designing, manufacturing, installation, and servicing of the new machinery. Suppose a new automatic machine does the work of 10 production workers, who lose their jobs as a result of its installation. But this machine may require an addition to the work force of eight or nine men in the machinery-making industry or in the occupations of whole, therefore, productivity does not rise as rapidly as it appears to increase, if we focus our attention narrowly upon a manufacturing industry that is directly affected.

Nevertheless, a wise economic policy should recognize the changes in our society that technological advances are producing. Work opportunities are increasing very rapidly in the design, engineering, and manufacturing of machinery and equipment. These operations call for a higher level education and skill than ordinary production processes, especially in the physical sciences, engineering, and management professions. We should improve vocational guidance to people, in order that they may prepare for these opportunities. We need to improve our Federalemployment services that the movement of workers to better job opportunican be more efficient. Liberalization of unemployment compensation laws could also help to eliminate personal hardships as a result of technological change. Imaginative measures are needed to make our economy even more flexible and dynamic, because this is the road to economic progress. If we take these measures have no doubt that technological change will not bring chronic unemployment.

#### Stock Market Speculation and Real Investment

A second possible source of danger ahead is speculative excesses in our financial markets, particularly in the stock market. The history of the late Twenties teaches us that when the prices of corporate securities cease to be based upon a rational evaluation by investors of basic-value-making factors, and come to reflect merely the uniformed guesses as to what someone else will pay for stocks later, the market is vulnerable to a catastrophic decline. Such a collapse of values can, in turn, cause business concerns to cancel investment plans and can have an adverse effect upon consumer expenditures. Thus it can produce a spiral of deflation. Clearly, we must, if possible, prevent speculative exuberance from going to such lengths.

I should make it clear that I

general are not now overvalued large-scale international invest- national field those principles of when judged by such basic cri- ment as the No. I international competitive enterprise which teria as (1) relation of market economic problem. In this con- have brought our own people values of shares to current re- nection, the ways in which the prosperity with freedom. Against placement cost of the net assets U.S. can constructively assist the the Communist ideology of the behind them, or (2) the histori- economically backward countries omnipotent state, owning all cal relation of stock prices to in their economic development is means of production and domiearnings per share, or (3) the a vexatious problem. historic relation of dividend yields of stocks to interest yields of high-grade bonds. Nevertheless, there are some disturbing indications. Institutional investors gram, resulting from the studies are looking an inordinate distance into the future for growth in earnings and dividends to justify present market prices of some of the so-called "blue ships" whch they favor. There is evidence of a widening public participation in trading in lowerpriced shares. Reported stock market loans have been increasing, and there is probably a rising volume of unreported credit supporting the market. The unusual length and extent of the upswing in the market-without any substantial interruption—has generated widespread confidence and optimism which could carry it much further into a danger zone of vulnerability. The red light is not yet flashing. But the amber light is

Most movements in the financial markets of a free economy are self-correcting, and call for no action by government. There are occasions, however, when government should intervene to accelerate or to reinforce corrective price movements. Our government did this last December when margin requirements were raised from 50% to 60% by the Federal Reserve authorities. This intervention was followed by a temporary set-back of stock prices; but the advance was shortly resumed. It would, of course, be possible for the authorities to make a further increase in margin requirementsperhaps even to 100%-if circumstances warranted. However, this action would not eliminate credit from the stock market, because there are many ways in which businessmen and investors can borrow on the security of other assets in order to finance the purchase of stocks, if they are eager enough to buy them.

The only way of assuring that credit to purchase stocks is becoming more expensive and difficult to obtain is to adopt restrictive general monetary policies. This course of action may, however, involve a dilemma. General credit restrict on may succeed in curbing runaway stock prices, but at the expense of making credit so difficult to obtain by state and local governments, and business enterprise for necessary investment purposes that investment demand falls off and loss of production. Indeed, this was the very dilemma in which the Federal Reserve auing" commerce and industry with Mackay, observed ". "Hobson's choice."

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#### Foreign Economic Policy

The third major economic problem area which requires our most ing the history of nations, we find mense subject; but one may, I recklessness . . . Men think in issues rather simply. The era of senses slowly." European postwar reconstruction has ended; further American aid that is revealed in the history of process of increasing productivity matic climb of the part year and With the gradual removal of re- in 1929-32, Safety in 1932-50, Dis- rities (mainly U. S. Government) through the provision of more and a half, which has carried the strictions on international trade illusionment in 1950-54 and again better tools to our workers in broad index of stock prices up by and payments, the spotlight is Recklessness in 1954-55.

about 50%, common stocks in now shifting to the revival of that will extend into the inter-

Meanwhile, the current year President has recommended to Congress a foreign economic proof the Randall Commission, which calls for a gradual and selective reduction of U.S. tariffs in return for reciprocal concessions from other countries. He has requested a three-year-renewal of ceived plans for the economic the Reciprocal Trade Agreements Act, and for preferential tax treatment of income from investment aboard. Whether the Free World will continue to make progress toward freer international trade and payments will depend in considerable measure upon the decisions that our Con- means, to expand U. gress will make this year on these questions.

In my opinion, the United States has a vital interest in promoting a more active flow of Policy, under the direction of throughout the Free World. Our national security as well as our them. With widening public unfree political and economic ideals, continued strong personal supin a mutually beneficial economic of the Communist bloc. Our own we shall resolve these issues interest clearly calls for a policy satisfactorily.

nating all economic activity, the United States holds forth the 1955 is a year of decision. The ideals of personal freedom, private property, individual enterprise, and open markets.

To give these ideals wider application in the contemporary world will require us to assume some inconveniences and some burdens of readjustment. It will require us to devise well-condevelopment of backward coun tries which are an attractive al ternative to the Soviet plan of state action with ruthless sunpression of individual rights. And it will require us to do all we can, through preferential tax rates, liberal credit, and other S. investment abroad. We are far from having come to grips with all aspects of these problems yet The Council on Foreign Economi trade, payments and investment Presidential Assistant Joseph Dodge, is now grappling with economic welfare depends upon derstanding of the vital national binding to us other nations, with interests that are at stake, and port by President Eisenhower of intercourse. The alternative is to liberal international economic let them slip under the influence policies, I have great hope that

Continued from first page

## The Stock Market Situation

415 after an uninterrupted rise of roughly 18 months, a fresh ap- and the sequence listed hold the praisal seems most appropriate. I key to the future of the stock shall, therefore, as I did last year, market. I would like to add that present some thoughts as back- the forces that lead to great abground material for the observa- normalities or excesses are never tions of our guest speakers.

#### As to the Economy

two-year period as a transition from an over-stimulated, scarcity, non - competitive inflationary economy to something more normal, to an economy based on abundance and competition. In the background were the cushioning and supporting elements inherent in the great changes in the financial, economic, political and social structure of the country.

Because of the fundamental nature of the factors causing the transition a sharp rise in business activity has seemed unlikely and intense competition seemed to be the main characteristic of the period ahead, assuming, of course, with consequent unemployment no great change in the cold war.

#### The Equity Markets

Bernard M. Baruch, in a forethorities found themselves in word to a most enlightening book, 1928. As you recall, they re- "Extraordinary Popular Delusions solved in favor of "accommodat- and the Madness of Crowds" by .. I never see ample credit. Let us hope that a brilliant economic thesis exthe lessons of experience will keep pounded, the mathematics of us from future speculative ex- price movements, that I do not cesses, and that it will not be nec- recall Schiller's dictum: 'Anyone essary for our monetary authori- taken as an individual is tolerties to have to make this kind of ably sensible and reasonable-as a member of a crowd he at once becomes a blockhead.'

In discussing the great speculative excesses of the world, the book's author observes "In readthoughtful attention is foreign that, like individuals, they have economic policy. This is an im- their seasons of excitement and believe, state the basic facts and herds but only recover their

I'm impressed by the sequence neither needed nor wanted, ness in 1928-29, Disillusionment

Perhaps these two observations the work of a month or a year but usually are in the making for many years. The present situa-I suggest that we view the last tion in the common stock market has been ever so long in the making and reflects many complex forces that have taken years t build up to their present status I shall endeavor to very briefly trace these developments as, in my opinion, they help one in understanding the present position of the stock market and lead to a fuller appreciation of the various possibilities in the current situation.

#### Current Significance of 1929-32

First let me develop the important place that 1929-32 has in the present picture. It is perhaps trite but nevertheless important to this discussion to note that the tragedy and disillusionment the 1929-32 period was long remembered by investors, too long. The American public was not per mitted to forget this tragic era so it could not take its nor place in history and gradually fade from memory. This combined with a political atmosphere that was considered by many as anti-business, kept investment confidence at an extremely low ebb for many years, actually until the last year or two. This found reflection in high yields and low price-earnings ratios and the prices of equities were so depressed that it led me to observe several years ago that "American industry is worth more dead than

Remembering the bitter lesson of 1929-32, the general public wanted no part of common stocks as investments, preferring to have their funds in riskless invest ments such as fixed income sect bonds) and in savings banks, life insurance, etc., little realizing of

understanding the forces that speculation if the environment is unrealistic not to recognize that Continued from page 16 were at work which by 1952 were right. going to reduce the value of this type of investment by up to 50% due to the loss in purchasing power of the dollar, the inflation.

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During this period when the public was not allowed to forget 929-32, they were to see the owners of businesses, real estate and common stocks having quite a different investment experience. Business activity, corporate earnings and dividends rose steadily as did the value of the properties and prices of common stocks year after year.

Simultaneously the public was to see more and more evidence that professional investing groups such as pension funds, investment trusts, college endowments, life insurance companies, etc. were increasingly interested in common stocks. They were to see state legislatures permit legal trusts, life insurance companies and savings banks to invest a portion of their funds in common stocks, recognizing the starvation wages from bonds and the toll being taken on the purchasing power values of fixed income investments by the inflation.

It is therefore understandable why the public began to scratch its collective head and at long last awakened to what has been going on in the field of investments over the last 20 years, the wonderful record turned in by comstocks vs. the shrinkage in the income from and in the purchasing power value of the "riskless" types of investment.

One need not go further than to contemplate the speculative possibilities inherent in this background should an awakened publice get, as Mackay said, "Recklessness," particularly if this new with several other factors I shall now examine.

### H Understanding and Confidence

Another force of great significance in today's markets is the increasing public awareness of the nature of our semi-managed economy and the public's growing confidence, based on the record of the last two years in particular, that a business "bust" is virtually impossible and that a elatively nigh level of business activity and therefore of corporate earnings and dividends is reasonably assured; also, the public's confidence in the near term future is turning to unbridled optimism for the longer future. perhaps reflecting the bombardment of such views by government and business leaders. The change in Administration two years ago bringing a more understanding and friendly environplayed a big part in this awakening.

### III Another Dilemma of the Easy Money Policy

on the equity markets. For many years the easy money policy has exerted a tremendous influence on equity prices as has the increased supply of money and credit. With government and cororate bonds and preferred stocks only a nominal yield after income axes to many, investors have een forced to look increasingly to the more favorable returns continuously available from comnon stocks. Still others, because of high income tax rates, have common stocks.

noney is like water, it will find nd, sooner or later, it encourages alone will tell but it would be 1950 to \$3,806,594 last year.

### IV Law of Supply and Demand Enters

money seeking common stocks be exploring the 400 zone." becomes quite significant. It must investment in common stocks has lar analysis. been rapidly increasing for many years while the supply of common stocks of investment caliber has increased insignificantly. Very few of our great industrial companies have done any equity financing, most of their expansion being met from retained earnings and depreciation or through bor-

The demand for high quality stocks has far outreached the dominate. supply notwithstanding the fact that the public, with its great pool of liquid savings, is still largely on the sidelines. If the public appetite should be aroused, one can readily appreciate the likely effect on the equity markets.

### Investing Other People's Money

The savings habit of the people throws further light on the present situation in combination with the other factors discussed. A goodly portion of the nation's savings now finds its way to institutional type investors such as pension funds, investment trusts, life insurance companies, etc. These professional investors invest quite differently from an uninformed public, concentrating their buying in a relatively few better known issues, further reducing the supply of these desirable names.

Should the public start investing more actively for itself, it recklessness should be combined has a most obvious significance to the subject of this discussion.

### Taxes Freeze the Supply of Stocks

Taxes are playing an increasing role in the market place. The combination of high income taxes and capital gains taxes have had the inexorable effect of freezing a greater and greater segment of the market including the better known investment issues, particularly those with recognized growth characteristics. The importance of a shrinking supply of equities in a period of growing public participations holds interesting possibilities.

### The Pendulum Is Swinging

It is these forces that I have discussed at such length that in combination are having so profound an effect on the equity markets and which have led some ment to business unquestionably people to feel that a period of real speculative excesses is in the making and that under the im- payable. pact of these forces serious over-

still higher price. This is in con- and for the sinking fund at par. trast to the buying of values that has been the backbone of the markets in recent years.

For years we have been going through a period of revaluation of giving but a modest yield and securities. The period of undervaluation is undoubtedly passed. The period of fair values is probably well advanced, and we are words, the pendulum after being over on one side for a very long been forced to become "capital time, now seems to be swinging gain investors," concentrating on past the center but considering states. the extreme level from which it It is well to remember that easy has come, it seems possible that \$17,153,073 in 1950 to \$38,926,313

the pendulum is swinging.

Last year, my analysis permitted At some point the supply of Industrial Stock Average which common stocks and the supply of currently stands at around 300 will

There is quite a different pic- terested only in speculative gain, four important and serious conbe remembered that the supply of ture today and no such definite At the beginning of 1927 the total money potentially available for conclusion is possible from a simi- of brokers' demand loans was \$2.5 the crash, as follows:

Today's analysis reveals:

(a) That speculation and public participation is rapidly increasing. (b) The tremendous speculative potential in the present situation. (c) The risk of owning and buy-

ing equities has multiplied. (d) Yields from common stocks are no longer particularly reward-

(e) Psychological factors now

(f) Federal action is likely if speculation increases.

when the risk factor was small and the potential benefits large, currently (a) the risk factor is many times greater and the potential gain many times less, and (b) the income return is low, actually being close to bond and mortgage yields and in poor relationship after taxes to tax exempt yields.

In conclusion, it seems to me fair to observe that this period is more exciting but less rewarding (risk considered) than when real values were available and when one did not have to correctly appraise the unpredictable course of mass emotion. The pace is stepping up, and it will be increasance and that healthy degree of skepticism, that can be so reward-"They have their seasons of reck-

## Pacific Finance Debs. Placed on Market

An underwriting group headed jointly by Blyth & Co., Inc. and in the main, the change that was Hornblower & Weeks offered pub- already apparent in the industrial licly yesterday (March 16) an is- situation." 6 After the crash ocsue of \$14,000,000 Pacific Finance curred, almost everyone, Presi-Corp. capital debentures, 41/2% series due 1967, priced at 99.125% to yield approximately 4.60% to thing, business something else,

Approximately \$9,600,000 of the proceeds of the issue will be used to redeem all of the company's outstanding 51/2% capital debentures due 1973. The balance will be added to working capital and may initially be applied to the reduction of short-term notes

The debentures, which are subvaluation of equities will result, ordinated to all other borrowed sumed that business was very Obviously public participation funds, are redeemable at regular is increasing as is the tendency to redemption prices ranging from all the important indexes turn of wisdom, in the future, to avoid We cannot ignore the impor- buy a "quotation" or a price on 102.25% to March 1, 1956 to par down-and in earnest. tant influence that the govern- the expectation that someone clse after March 1, 1965; at special rement's easy money policy has had will come along and take the demption prices scaled from will come along and take the demption prices scaled from "quotation" off your hands at a 104.50% to the principal amount;

> The company, with headquar-ters in Los Angeles, Calif., is primarily engaged, directly or through subsidiaries, in automobile sales financing, direct lending to consumers on automobiles and other personal property, and the writing of automobile insurance in connection with financing aceither in or are entering the pe- tivities. Pacific Finance, believed riod of over-valuation. In other to be the fifth largest auto finance it.

Total income increased from the swing may go much too far in 1954. Over the same period net in 1929-30."

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The swing may go m

# me to conclude "It is only a question of time before the Dow-Jones Lessons of the 1929 Stock Market **Boom and the Present Situation**

billion. By Jan. 1, 1928, it had reached \$3.5 billion; on Jan. 1, 1929, it was \$5.7 billion.5 By autumn it was some \$8 billion. More than half of the latter was provided by non-banking corporations and by individuals who were attracted by the high rates in the call market. Funds to finance margin trading were attracted to New York from all over the world.

### The Effect of the Crash

Between Oct. 22 and Nov. 13, the value of industrial shares fell Over the years, the heart of by between a third and a half. successful investing is the meas- (The Dow-Jones industrials urement of risk against probable dropped from 327 to 199.) Railbenefits (capital gain and/or in- road stocks fell less and the new come). Therefore, it seems appro- investment trust securities much priate to observe that as compared more. Many of the latter, for all in the market—especially during March, 1929 when there was a brief money crisis-but the market in each instance recovered. There were short rallies during the days of the crash each of which led to widespread hope that the worst was over. In each case, however, the recovery was followed by a further slump. The levels at which the market steadied in mid-November were, of course, far above those reached later in the depression.

There was a strong tendency at the time, and one that is still resignificance of the stock market misfortunes. The crash was held preceded, the general downturn in business, and it was also said to have had relatively little effect on business, Beginning in the early summer of 1929 there was, in fact, a modest decline in business activity, and a leading student has gone so far as to say that the crash in the autumn "Reflected, dent Hoover included, stressed that the stock market was one and that, despite the unheaval in the market, business could and would remain "fundamentally sound.'

These views do not stand scrutiny. The stock market crash was and other export crops. an event of original and grave

Possibly it was the softening of business activity which damaged confidence, dried up the supply of new customers, and so broke the bubble. But sooner or later something would have broken it anyway.

Nor was the stock market crash without its effect on the economy. The effect was also real and serious. The financial markets are integrally a part of the economy. They affect the rest of the economy just as they are affected by The fiction that they are company in the United States, merely a mirror reflecting pasoperates 218 branch offices in 18 sively the passing scene is fiction and does not do justice to the importance of the market.

In the case of 1929 at least

sequences must be attributed to

(1) A sharp reduction in consumer spending. The stock market crash, as was widely pointed out at the time, had little effect on he life or spending habits of the great mass of consumers. However, it was capable of affecting in marked degree the outlay of the well-to-do. It brought an end to spending from stock market gains. Loses in the market forced a retrenchment in spending from other income. And in 1929 expenditures by consumers in the higher income brackets accounted for a substantial share of total outlays - the 5% of the population with the highest incomes then disposed of approximately one-third of all personal income.7 It is reasonwith 15, 10 or even 1 year ago practical purposes, became un- able to think of a reduction in salable. Previously during the spending of three or four billions boom there had been bad breaks —out of a total disposable income of \$82.5 billion—as the result of

(2) A sharp reduction in business investment. The crash had a general effect on confidence and a direct effect on the ability of corporations to raise funds through new issues. This was magnified by the holding company and investment trust structure. These latter were often paying interest on upstream bonds from the dividends of operating companies. To avoid insolvency they were forced to flected in economic literature, to retrench drastically on both curingly difficult to keep one's bal- minimize the general economic rent and investment spending. In numerous cases there fragile corporate structures collapsed ing when, as Mackay observed, to have followed, rather than anyway following the crash, forcing further retrenchment.

> (3) The value of bank assets was dractically reduced and the vulnerability of banks to failure was thereby enhanced. Bank failures, of course, had a further depressing effect on both personal and business spending.

(4) The market crash disrupted the foreign balance of payments. This, in the years preceding, has been kept precariously in balance by private foreign lending. With the crash this lending came to an end. Foreign countries were forced to curtail their imports from the United States with a further depressing effect on markets for wheat, cotton, tobacco,

In summary, there should be importance. The decline in gen- no doubt that the stock market eral economic activity between collapse in the autumn of 1929-June and October of 1929 was or more precisely the speculation slight. Indeed, until the crash in 1928 and 1929 and the ensuing occurred, it was generally as- collapse-contributed significantly to the severity of the Great good. Only after the crash did Depression. It would be a part risking a similar cycle of speculation and collapse.

### The Present Danger

Testimony before this Committee, if it is representative of opinion at large, will take two strongly contrasting lines. There will almost certainly be some who will suggest that things have changed greatly since 1929. The economy is much sounder now than then. The recent rise in the stock market is firmly grounded in values. In any case, controls are now available to curb any tendency to speculative extravagance. Accordingly, things can safely be left alone. The Committee may also hear some pessi-

Continued on page 33

7 Selma Goldsmith, George Jaszi, Hyman Kaitz, and Maurice Eichenberg, "Size Distribution of Income since the Mid-Thirties," "The Review of Economics and Statistics," February 1954.

# Lessons of the 1929 Stock Market Boom and the Present Situation

and should be cherished - who High-bracket expenditure in genwill dismiss all this as skillful eral, and expenditure by divirationalization. They will say: dend recipients in particular, is "It is 1929 all over again."

In my own view there is much truth in both positions—and also considerable error. The recent boom in the stock market does differ in important respects from that of 1928 and 1929. The underlying economic position also differs. So does the structure of public restraints. On the other hand, there are resemblances which are certainly interesting and possibly disturbing. And the fundamental problem of containing a speculative orgy, once it is well launched, remains essentially

The scale of the 1929 speculation was greater than anything we have yet witnessed. This was in the setting of a far smaller economy. Comparisons of the averages of share prices over so long a period are largely meaningless. However, the extent of popular interest in the market in 1929 was almost certainly greater than of late. The volume of trading then was much higher. In 1928, 920 million shares were traded on the New York Stock Exchange, and in 1929, 1,125 million shares as compared with only 573 million last year. By 1929 five million share days on the New York Stock Exchange were commonplace. There have been only one or two such days in recent times. In 1929 there were also a great surge of activity on the out-of-town exchanges and on the (then) Curb Exchange. Compared with the \$8 billion of brokers' loans in the late days of the 1929 boom, the total of late has been around \$1.6 billion. However, the amount has been rising and it seems possible that there is now more borrowing outside the market on securities collateral than in earlier periods. So far there has been no close parallel to the investment trust and holding company promotions of Goldman, Sachs, American Founders, Insull, and Associated Gas & Electric. The Securities and Exchange Commission aided, without doubt, by a more mature business sense on the part of the Exchanges, members, and dealers, has prevented the wholesale market rigging and fervent salesmanship of the earlier period.

The economy is also less brittle than in 1929. This has two consequences. It is less vulnerable to a general slump which would Dec. 31, the prices of industrial Hoover recalls that shortly before affect the market. And equally shares as measured by the Dow important, the conomy is less Jones averages increased by 54% President Coolidge expressed the of past misfortunes, and of the Hentz & Co. and prior the subject to damage from disturb- as compared with 78% in the 16 view that conditions were "ab- tendency of markets that have with A. W. Morris & Co. nanating from the The measures which have made Average dividend yields were the economy less vulnerable to down to 3.99% at last year's high cyclical disturbance - ranging as compared with 3.15% at the from social security to a better 1929 high.9 (Because of more tax system—are familiar. Indeed, conservative dividend policies in a certain propensity to self-con- recent times the ratio of prices gratulation in these matters may to earnings remains rather more have made them too familiar. I favorable than in 1929.) The shall not deal with them here, stocks comprising the Dow Jones sened susceptibility of the econ- been selling at one and six-tenths stock market.

which has occurred in the last quarter century. Between 1929 though total of these payments planations are beginning to apincreased, the share of rent, interest, and dividends in total income dropped from just over 15%

mists - they are had to come by to just under 9% of the total.8 especially vulnerable to stock market movements. The vulnerable expenditure is now considerably less important than 25 years ago.

The corporate structure, in the absence of vast holding company and investment trust promotions, is also almost certainly vulnerable now than in 1929. The banking structure, as the result of sad experience, firmer and more flexible banking laws, and particularly the result of deposit insurance, is also much stronger.

Finally, there are the new controls and the chance that they will keep speculation in rein. These measures include the policing of trading and the prevention of market manipulation, provision for full disclosure on new promotions, prevention of holding company pyramiding, and others. Most important, since 1929 there has been a general strengthening of both the moral and legal authority of the Federal Reserve System. And there is the power of the latter, under the Securities and Exchange Act of 1934 to specify margin requirements and, necessary, to raise them to 100%

### The Remaining Dangers

These are formidable safeguards. It seems probable that, during the course of these hearings, the Committee will be well impressed by their might. Yet there are reasons why the Committee-and even more the representatives of the financial community whose reputation and livelihood is immediately involved - should beware of equanimity. Equanimity, it will be evident, is the endemic disease of the boom.

We had a bad speculative outbreak once before with most disagreeable consequences. Obviously what has happened before -more than once before—can happen again. Another crash, even a mild one, would not add to the public reputation of Wall Street.

Within the last few months, it is commonly agreed, there has been a influx of newcomers into the market. Market discussion has turned increasingly on the prospect for capital gains. As a result prices have been rising and yields declining.

In the 16 months ending last months preceding the 1929 crash. A word is in order on the les- industrial average have recently omy to disruptive news from the times the book values of the companies. That is more than in any The most important source of recent period except 1929-when to strength, in this respect, is the prices reached 1.9 times book leveling up of personal incomes value—and 1936-37 when, followbook values, stocks sold at 1.8 and 1948 the share of total per- times book. 10 As in the 'twenties, ment, of course, meant a worse trol of speculation, by monetary sonal income going to the 5% of and in other periods of great crash later on. But this had the policy. Should it be needed, a the population with the highest speculative optimism, we are hav- virtue of being later on—and a moderate (or severe) tightening incomes dropped from nearly a ing a sizable wave of mergers, few weeks more of life seems of money rates would get things third to less than a fifth. Al- Some remarkably fanciful ex- precious at such times. Moreover, under control. The 1929 experi-

8 Goldsmith, et al. cited above. 9 Chase National Bank, previously cited. 10 Ibid. After Dow-Jones and Co.

reality such as occurred in 1929. But enough has happened to indicate that we haven't yet lost our sound. considerable capacity for selfdelusion.

### The Problem of Prevention

Without doubt it is the sovereign privilege of the free citizen to loss his money precisely as he pleases. In any case, if he does not loss it in the stock market, he will probably be trimmed in real estate, at the races, or in a uranium mine. The problem of speculation is not a problem of individual speculator and certainly not one of how to protect him from the fruits of his social consequences of specula-

The solution lies much more in prevention than in control point of considerable practical importance at the moment. Even after a speculative rampage gets well under way it can still be stopped. Although there is a legend to the contrary, the gov-ernment and the Federal Reserve System, with the powers then available to them, could have brought the boom to an end at any time in 1928 and 1929. A stern statement that values had reached nonsensical levels, that the volume of brokers' loans was indefensible, that the current speculation was against all public policy, and that unremitting moral pressure would be placed on banks that loaned money for speculative purposes would probably have been sufficient. A request to Congress to investigate and recommend legislation would also have had a signal effect. The occupational disease of the speculator is acute uneasiness. the Federal Reserve Board was holding extraordinary meetings in bust. Washington-presumably to discuss the market although no statement or action ever materialized-was sufficient to cause wholesale liquidation.

There are two difficulties in taking action after a speculative boom is well under way. Such action must contend with the process of reassurance which, as of the boom and which insists that all is well. In our society, moreover, we do not assume complete new outbreak of speculation. prescience on the part of public officials, an assumption that seems to accord tolerably well be carried away by the assurances and will thus be opposed to action. In his memoirs, Mr. and that stocks

above, the market would not have buy-with a view to earnings. levelled off. It would have fallen blame. ing a long period of deflation of there was a very strong tendency has been much faith in what

pear to explain the recent rise in crash would not be so devastat- getting up to 200 or 300% retu values and to reinforce hopes for ingly clear. This temptation to in capital gains. Efforts to enfo more. It would be an exaggera- temporize and delay, it will again a high market rate may have tion to say that there has yet be recalled, comes at a time when some effect in depressing been any wholesale escape from a great many people are assuring themselves and the world at tivity which is more sensitive large that everything is entirely such costs. That this occurred

This atmosphere, and not the Reserve Board and of Mr. Ho. particular instruments of prevention and control. is the crucial aspect of the problem posed by speculation. The prime need is to act early rather than late. The fact that the present boom may be in only a relatively incipient present ownership. This, in to stage should not, accordingly, be a reason for advocating inaction. If A repeal or reduction of the it weren't incipient nothing much would or could be done.

Should there be a resumption of the upward movement of the past aspects of economics is year in the weeks or months tendency for proposals for ahead, the Federal Reserve should nomic reform to culminate in s be pressed to put trading on a gestions for tax reduction. own avarice. The problem is cash basis by raising margin repurely one of minimizing the quirements to a 100%. This is a the taxing of capital gains. rather elementary precaution. It was taken between January, 1946 the tax cost of selling it does February, 1947 when the danger of speculative boom in the However, tax consideration e market was far less than at present. When the market has been recent investigations of the stable (or declining) for a substantial period, margin, trading should again be allowed. This is doubt on the extent to w not to encourage margin trading. higher-bracket investors are Rather it is to prevent substitute fected by tax considerations. borrowing from developing out-

side the market. One purpose of the foregoing step is to make wholly un- be regarded with a measure ambiguous the intention of the amiable skepticism. Those was a step in the skepticism of the skepticism of the amiable skepticism. government to hold securities argue that the capital gains speculation in check. The government should make this position scarce assume that the pres clear in every other possible way. There should be specific and hold government securities reiterated warning about the cash. Perhaps they yearn to danger of runaway speculation to other shares with, as they beli the economy and the participant, better prospects for appreciat and specific and reiterated urging or earnings. If this is so, to people to buy good bonds. If they sell they will be right speculative tendencies persist, in the market as buyers. To more drastic measures invoking peal the capital gains tax w the tax power should be con- also make available for the templated. Those who react with chase of securities funds now horror to such suggestions should in taxes. Presumably some pe March of 1929 the mere news that also react to the alternatives now out of the market, would which presumably, is an eventual attracted in by the prospec

bers have, perhaps, the most to sellers. It would as plausibly lose from a new succession of perhaps more plausibly, boom and bust. The American more buyers. people have a way of looking for someone on whom they can blame their misfortunes. Wall Street, as tions that the country was deus ex machina, has always ning out of common stocks. been much esteemed. In light of this history, it may not be too noted, is the normal concomitant much to hope—though it might be that the financial community would take the lead in resisting a

Thus the New York Stock Exchange, for some years, has been endeavoring to widen the public with the facts. Accordingly, some interest in the ownership of seresponsible officials will always curities. It might now extend its activities to include education in the principles of sound ownership. This would include stern warnings on the dangers that await leaving the White House in 1929, the amateur speculator, reminders Denner was previously with gone up spectacularly to come were "cheap at current prices." 11 down the same way. Stock ex-Obviously this belief did not change firms which take a longpredispose Mr. Coolidge to any term view of their situation and very strenous steps to halt the whose members recall the miseries of 20 and 25 years ago -More important, once a boom should be alert to discourage a is well started, it cannot be resurgence of popular speculative arrested. It can only be collapsed. activity. Perhaps there might be Had the Federal Reserve System some organized effort to encourin 1929 taken the steps mentioned age people to buy—if they must Cantor, Fitzgerald & Co., Inc.

There should, also, be a keen -precipitately. No one would suspicion of whatever are the have been in doubt as to who was currently fashionable remedies. As The responsibility with clothes and cars, ideas on would have been squarely on the financial policy have a marked Federal Reserve. Accordingly, style factor. For some time there to postpone action. This postpone- could be accomplished, in the conthe authorship of the eventual ence is not reassuring. Rates on the call market ranged from 5 11 "The Memoirs of Herbert Hoover: The Great Depression, 1929-41." (New York, Macmillan, 1952) p. 5. the call market ranged from 5 to 20%. This, naturally enough, did not deter speculators who are did not deter speculators who are age of 58.

nary, non-speculative busines the current view of the Fe

Very recently the notion the capital gains tax is res sible for high values and at incipient speculation has been vogue. The capital gains tax i "locked in" the securities in the has created a shortage of stoc tal gains tax would release securities and bring down market. One of the most engagi

Perhaps there is a case agai immobilize property because at first glance, seem desiral into most modern transactions York Stock Exchange have, as Committee will be aware,

In any case, the effect of reform on the supply of secur and their price should probal locked in stocks and made the owners yearn, when they sell tax-free gains. In short, repo The exchanges and their mem- is presumed, would bring more buyers.

It is interesting to recall to early in 1929 there were sugg were not locked in; in those unsophisticated days it was me said that there weren't enough go around. In October this trine was proved in error. Sto became suddenly, miraculous and most disastrously abundan

### Joins Harris, Upham

(Special to THE FINANCIAL CHRONI BEVERLY HILLS, Cali Richard W. Denner has bee associated with Harris, Uphan Co., 137 El Camino Drive.

### Daniels With Merrill Lyn

(Special to THE FINANCIAL CHRON BEVERLY HILLS, Calif.nard Daniels has become assated with Merrill Lynch, Pie Fenner & Beane, 454 North den Drive. Mr. Daniels was merly Secretary and Treasure

### Daniel Reeves Adds

(Special to THE FINANCIAL CHRONIC BEVERLY HILLS, Cali George Rosenzweig has be affiliated with Daniel Reevi Co., 398 South Beverly I members of the New York Los Angeles Stock Exchange

### Henry Goldman, Jr.

Henry Goldman, Jr., parts Gale, Bishop & Co., New City, passed away March 9 8

Indications of Current **Business Activity** 

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date or in cases of quotations are as of that date

Business Activity	Latest	Previous			that date, or, in cases of quotat	ions, are	as of that	date:
MERICAN IRON AND STEEL INSTITUTE: Indicated steel operations (percent of capacity)Mar. 20	Week §92.5	Week *92.9	Month Agu 89.1	Year Ago 67.6	AMEDICAN CAS ASSOCIATION TO	Latest Month	Previous Month	Year Ago
Equivalent to— Steel ingots and castings (net tons)—————Mar. 20	§2,232, <b>000</b>	*2,241,000	2,150,000	1,613,000	AMERICAN GAS ASSOCIATION—For month of January: Total gas (M therms)	E 010 054	C 455 000	
MERICAN PETROLEUM INSTITUTE: Crude oil and condensate output—daily average (bbls. of Mar. 4	6,806,200	6,789,450	6,721.250	6.432.900	Manufactured gas sales (M therms)	7,212,254 6,820,366 57,021	6.475,003 6,125,948 51.145	6,556,291 6,161,548 79,063
42 gallons each) Mar. 4 Crude runs to stills—daily average (bbls.) Mar. 4 Gasoline output (bbls.)	17,462,000 24,553,000	7,673,000 25,343,000	7,418,000 24,208,000	6,951,000	Mixed gas sales (M therms)	334.867	297.910	315,680
Kerosene output (bbls.) Mar. 4 Distillate fuel oil output (bbls.) Mar. 4	2,434,000 12,784,000	2,550,000 12,904,000	2,707,000 12,539,000	2,851,000 10,536,000	AMERICAN IRON AND STEEL INSTITUTE: Steel ingots and steel for castings produced (net tons)—Month of February	0.500.000		
Residual fuel oil output (bbls.)Mar. 4 Stocks at refineries, bulk terminals, in transit, in pipe lines—	8,263,000	8,909,000	8,452,000	8,195,000	Shipments of steel products (net tons)— Month of January	8,503,000 6,009,953	*8,837,736 5,448,649	7,083,237 5,727,600
Finished and unfinished gasoline (bbls.) atMar. 4 Kerosene (bbls.) atMar. 4 Distillate fuel oil (bbls.) atMar. 4	182,343,000 18,873,000 65,932,000	181,310,000 18,791,000	171,331.000 23,200,000	177,563,000 19,512,000	AMERICAN ZINC INSTITUTE INC Month of	0,000,000	0,440,045	5,727,000
Residual fuel oil (bbls.) at	44,298,000	68,731,000 45,652,000	*81,815,000 *47,530,000	67.564,000 46,065,000	Slab zinc smelter output all grades (tons of			
SSOCIATION OF AMERICAN RAILROADS: Revenue freight loaded (number of cars)Mar. 5 Revenue freight received from connections (no. of cars)Mar. 5	658,975 648,870	635,453	640,735	590,576	2.000 pounds) Shipments (tons of 2.000 pounds) Stocks at end of period (tons)	78,969 99,964 96,156	*86,076 93,202 *117,151	68,02 66,73
IVIL ENGINEERING CONSTRUCTION - ENGINEERING	040,010	639,573	625,133	585,610	Unfilled orders at end of period (tons)	54,527	57,421	199,99 28,94
News-record: Mar. 10 Total U. S. construction Mar. 10 Private construction Mar. 10		\$373,194,000 225,019,000	\$298,933,000 152,424,000	\$245,541,000 166,121,000	BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of February (in millions):			
Public constructionMar. 10 State and municipalMar. 10	119,538, <b>000</b> 91,549, <b>000</b>	148,175,000 124,565,000	146,509,000 119,801,000	79,420,000	Total new construction  Private construction  Residential building (nonfarm)	\$2,636 1,986 1,034	\$2,787 2,061	\$2,3 1,6
FederalMar. 10	27,989,000	23,610,000	26,708,000	10,101,000	Additions and alterations	950 63	1,111 1,020 70	6
Bituminous coal and lignite (tons)Mar. 5 Pennsylvania anthracite (tons)Mar. 5	7,740,000 399,000	*8,800,000 568,000	8,700,000 609,000	6,420,000 406,000	Nonhousekeeping Nonresidential building (nonfarm) Industrial	21 547	21 541	4
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVES SYSTEM—1947-49 AVERAGE == 100Mar. 5	98	•93	86	85	Warehouses, office and loft buildings	184 197 83	185 188 85	1
EDISON ELECTRIC INSTITUTE: Electric output (in 000 kwh.)	9.726.000				Other nonresidential building	114 166	103 168	1
FAILURES (COMMERCIAL AND INDUSTRIAL) - DUN &		9,727,000	9,922,000	8,519,000	Religious Educational Social and recreational	53 39	55 42	
BRADSTREET, INC	257	222	238	229	Miscellaneous	18 29 27	18 28 25	
Finished steel (per lb.) Mar. 8 Pig iron (per gross ton) Mar. 8	4.797c \$56.59	4.797c \$56.59	4.797c \$56.59	4.634c \$56.59	Public utilities	97 294	93 302	1 2
Scrap steel (per gross ton) Mar. 8 METAL PRICES (E. & M. J. QUOTATIONS):	\$37.58	\$36.75	\$35.83	\$23.50	Railroad Telephone and telegraph Other public utilities	20 47 227	22 47 233	
Electrolytic copper— Domestic refinery atMar. 9 Export refinery atMar. 9	32.700c 35.700c	32.700c 36.025c	32.700c 35.300c	29.700c 29.025c	Public construction	14 650	14 726	2
Straits tin (New York) at	91.250c 15.000c	91.000c 15.000c	91.750c 15.000c	90.000c 12.750c	Residential building Nonresidential building Industrial	312 312	23 330	
Lead (St. Louis) at	14.800c= 11.500c	14.800c 11.500c	14.800c 11.500c	12.550c 9.2 <b>50</b> c	Hospital and institutional	170 23	88 175 24	
MOODY'S BOND PRICES DAILY AVERAGES: U. S. Government Bonds Mar. 15	97.79	97.18	97.13	100.06	Military facilities	42 76	43 82	
Average corporate Mar. 15 Aaa Mar. 15 Aa Mar. 15	109.24 112.56 110.52	109.24 112.37 110.70	109.60 113.31 111.07	110.52 115.82 112.50	Highways Sewer and water Miscellaneous public service enterprises	110 70 10	145 77	
AMar. 15	109.60 104.31	109.60 104.31	109.97	110.34 103.97	Conservation and development	40	12 47 10	
Railroad Group Mar. 15 Public Utilities Group a Mar. 15	107.44 109.97	107.27 109.97	107.80 110.34	108.70 110.70	CASH DIVIDENDS—PUBLICLY REPORTED BY			
Industrials Group Ar. 15 MOODY'S BOND YIELD DAILY AVERAGES:	110.34	110.34		112.19	COMMERCE - Month of January (000's			
U. S. Government Bonds Mar. 15 Average corporate Mar. 15 Aaa Mar. 15	2.66 3.21 3.03	2.71 3.21 3.04	2.71 3.19 2.99	2.49 3.14 2.86		\$721,000	\$1,941,000	\$689,
AaMar. 15 AMar. 15 BaaMar. 15	3.14	3.13	3.11 3.17	3.03	of February: Bituminous coal lignite (net tons)	35.100.000	36,090,000	29.932.
Baa SMar. 15 Railroad Group Mar. 15 Public Utilities Group SMar. 15	3.49 3.31 3.17	3.49 3.32 3.17	3.29	3.51	Pennsylvania anthracite (net tons)	2,441,000	*2,333,000	2,354,
Industrials Group Mar. 15 MOODY'S COMMODITY INDEX Mar. 15	3.15 395.0	3.15	3.12	3.13 3.05 428.6	Production (net tons)	5,798,887	5,610,564	5,798,
NATIONAL PAPERBOARD ASSOCIATION: Orders received (tons)	406.459	229,112		304.917	Beehive coke (net tons)	5,738,399 60,488 2,747,638	5,569,683 40,881 2,794,178	5,634, 164, 2,751,
Production (tons)Mar. 5 Percentage of activityMar. 5	266,804	259.007	259,402	223,579		2,727,000	2,134,110	2,101,
Unfilled orders (tons) at end of periodMar. 5 OIL, PAINT AND DRUG REPORTER PRICE INDEX—	523,368	387,743	450.660	401,043	Kilowatt-hour sales to ultimate consumers— Month of December (000's omitted)	37,092,518	35,392,450	33,039
1949 AVERAGE = 100Mar. 11 STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODDS	107.45	107.08	106.54	108.00	Revenue from ultimate customers—month of December Number of ultimate customers at Dec. 31		\$620,306,000 51,114,619	\$589,705 49,899
EXCHANGE — SECURITIES EXCHANGE COMMISSION:					EMPLOYMENT AND PAYROLLS—U. S. DEFT.	01,214,003	51,114,019	49,099
Odd-lot sales by dealers (customers' purchases)†—  Number of sharesFeb. 26  Dollar valueFeb. 26	1,214,148 \$59,853,652	1,680,153 \$88,042,721		645.030 \$29.757.573	OF LABOR—REVISED SERIES—Month of January:			
Odd-lot purchases by dealers (customers' sales)— Number of orders—Customers' total sales———————————————————————————————————	1,055,167	1,459,995	1,433,599	656,574	Durable goods	12,526,000 7,200,000 5,328,000	*12,686,000 *7,265,000	7,616
Customers' short sales Feb. 26 Customers' other sales Feb. 26	5,289 1,049,878	3,967 1,451,028	1,422,637	7,441 649,133	Employment Indexes (1947-49 Avge.=100)	101.3	*5,421,000 *102.6	5,386
Dollar value Feb. 26  Round-lot sales by dealers— Number of shares—Total sales Feb. 26	\$49,958,364 259,590	\$70,281,214 402,070		\$27,259,465 214,450	Payroll Indexes (1947-49 Average=100)— All manufacturing	141.5	*144.0	1
Short sales Feb. 26 Other sales Feb. 26	259,590			214,450	turing industries—	15,932.000	*16 005 000	16 424
Round-lot purchases by dealers— Number of shares————————————————————————————————————	436,680	594,220	615,250	219,670	All manufacturing Durable goods Nondurable goods	9.135.000 6,797.000	*16,095,000 *9,201,000 *6,895,000	16,434 9,591 6,843
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS					GAS APPLIANCE MANUFACTURERS ASSOCIA-	3,1-1,4-2	-,,	-,010
FOR ACCOUNT OF MEMBERS (SHARES): Total Round-lot sales—	753.120	645,250	495.640	411,276	Gas-fired furnace shipments (units) Gas conversion burner shipments (units)	46,800 5,200	55,800 7,700	31
Short sales         Feb. 19           Other sales         Feb. 19           Total sales         Peb. 19	17.615,050	17,468,910	14,173,920	8,722,360 9,133,630	Gas operated boiler shipments (units)	3,200 155,100	3,900 143,200	137
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEM- BERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					Gas water heater shipments (units)	198,300	170,700	164
Transactions of specialists in stocks in which registered— Total purchasesFeb. 19	1.922.740	1,862,810	1,930,550	876,55	MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Feb.: Industrials (125)	4.14	4.10	
Short salesFeb. 19 Other salesFeb. 19	1.540,190	1,645,230	1,572,450	737,79	Railroads (25)	4.79	4.96 4.56	
Total sales Feb. 19 Other transactions initiated on the floor— Total purchases Feb. 10				932,710	Insurance (10)	2.51	4.14 2.58	
Short sales Feb. 10 Other sales Feb. 15	29,100	15.000	29,900	18,70	Average (200)	4.21	4.22	
Total salesFeb. 19 Other transactions initiated off the floor—					PLANTS IN U. S.—AUTOMOBILE MANU-			
Total purchases         Feb. 10           Short sales         Feb. 10           Other sales         Feb. 19	114,430	112,040	61,370	41,39	Total number of vehicles	676,060	*752,024 *659,500	529 443
Total sales Feb. 19 Total round-lot transactions for account of members—				425,46	PAUL DOAD FARNINGS CLASS I ROADS (AS-		*92,524	80
Total purchasesFeb. 19 Short salesFeb. 19	560,560	482,650	336,550	255,01	SOCIATION OF AMERICAN RRs.)—Month			
Other salesFeb. 10 Total salesFeb. 19					Total operating revenues Total operating expenses	590,002,298	628,344,458	\$749,82 626,80
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100); Commodity Group—					Operating ratio Taxes Net railway operating income before charges	\$74,547,270		\$71,48
All commoditiesMar. 8 Farm productsMar. 8	92.6				6 Net income after charges (estimated)	52,000,000	119,000,000	
Processed foods Mar. 8	102.2	102.	7 103.2 7 84.9	104	6 UNITED STATES GROSS DEBT DIRECT AND 6 GUARANTEED—(000's omitted):		A070 AC9 073	\$274 95
All commodities other than farm and foods Mar.	115.3	115.	3 115.5	114				

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# Securities Now in Registration

Allied Uranium Mines, Inc., Salt Lake City, Utah Feb. 17 (letter of notification) 299,700 shares of common stock (par one cent). Price — \$1 per share. Proceeds—For mining expenses. Office—701 Newhouse Bldg., Salt Lake City, Utah. Underwriter-H. J. Cooney & Co., New

Amcrete Corp., Briarcliff, N. Y. Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. Price - At par (\$10 per share). Proceeds-For working capital. Business-Distributor of prefabricated concrete wall panels and but-

resses made of steel reinforced dense concrete, etc. Underwriter-None.

\* American Asbestos Co., Ltd.

Feb. 17 (Regulation "D") 600,000 shares of common stock (par \$1). Price - 50 cents per share. Proceeds-For general corporate purposes. Underwriter-Maine Investment Co., Ltd.

American Automobile Insurance Co. Feb. 16 filed 250,000 shares of capital stock (par \$2) being offered for subscription by stockholders at the rate of one new share for each six shares held March 8; rights to expire March 23. Unsubscribed stock, up to 15,000 shares, will be offered to employees. Price - \$30 per share. Proceeds-To provide company and its whollyowned subsidiaries, American Automobile Fire Insurance Co. and Associated Indemnity Corp., with additional capital funds. Underwriter-Kidder, Peabody & Co., New York.

American International Minerals Corp. Feb. 25 filed 460,000 shares of common stock (par 10¢). Price-\$1 per share. Proceeds-For exploration and development of mining properties of subsidiary and for working capital, etc. Office-Dover, Del. Underwriter-Vickers Bros., New York. Offering-Expected in about

\* American Locomotive Co. (3/28-4/1)

March 11 filed \$25,000,000 sinking fund debentures due March 1, 1980. Price-To be supplied by amendment. Proceeds-Together with other funds, to redeem \$18,-700,000 of 7% cumulative preferred stock (par \$100) at \$115 per share and prepay \$10,000,000 loan from Metropolitan Life Insurance Co. Underwriter-Smith, Barney & Co., New York.

Arctic Uranium Mines Ltd.
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). Price—20 cents per share. Proceeds —For general corporate purposes. Office — 411 Childs Bldg., Winnipeg, Manitoba, Canada. Underwriter—De Gaetano Securities Corp., New York.

Arkansas-Missouri Power Co.

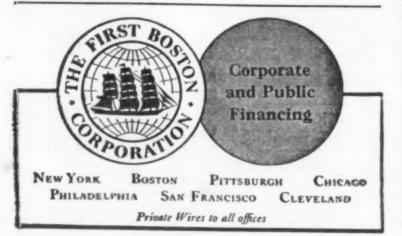
March 3 filed 36,868 shares of common stock (par \$5) to be offered for subscription by common stockholders of record March 14 at the rate of one new share for each 12½ shares held (with an oversubscription privilege). Price-To be supplied by amendment.. Proceeds-To repay bank loans and for construction program. Underwriter-None.

Arkansas Power & Light Co. (3/30) March 3 filed \$18,000,000 of first mortgage bonds due 1985. Proceeds—To redeem a like amount of 41/4 % bonds due 1983. Underwriter - To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. and Central Republic

Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp. and Union Securities (jointly); White, Weld & Co.; The First Boston Corp. Bids-To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.

Arkansas Power & Light Co. (3/30)

March 3 filed 93,500 shares of cumulative preferred stock (par \$100) to be offered in exchange for outstanding 47,609 shares of \$7 preferred stock and 45,891 shares of \$6 preferred stock on a share-for-share basis during a period from about April 1 to April 19. Price-To be named later (expected to be \$105 per share). Proceeds-Together with other funds, to redeem 47,609 shares of \$7 preferred stock and 45,891 shares of \$6 preferred stock. Underwriter-To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Lehman Brothers; White, Weld & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly). Bids-To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.



Atlantic Steel Co., Atlanta, Ga. (3/22) Feb. 25 filed 200,000 shares of common stock (par \$5) to be offered first to stockholders of record Feb. 25, 1955, on the basis of one new share for each share of common and/or preferred stock held. **Price**—\$23.50 per share. Proceeds—To repay bank loans, for property additions and working capital. Underwriter—Courts & Co., At-

Automatic Remote Systems, Inc.

March 3 filed 540,000 shares of common stock (par 50 cents). Price-\$3.75 per share. Proceeds-For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. Office-Baltimore, Md. Underwriter-Mitchell Securities, Inc., same

 Beneficial Standard Life Insur. Co. (3/23-24) Feb. 28 filed 480,000 shares of common stock (par \$1). Price—To be supplied by amendment. Proceeds—To selling stockholders. Office—Los Angeles, Calif. Underwriter—Lehman Brothers, New York.

Best American Life Insurance Co., Mesa, Ariz. Feb. 11 filed 800,000 shares of class A common stock (par \$1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par \$1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. Proceeds-To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states. Underwriter-None. Richard G. Johnson of Mesa, Ariz., is President.

Big Bend Uranium Co., Salt Lake City, Utah Aug. 6 (letter of notification) 7,000,000 shares of common stock. Price-At par (three cents per share). Proceeds -For mining expenses. Office—510 Newhouse Building Salt Lake City, Utah. Underwriter - Call-Smoot Co. Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah July 15 (letter of notification) 500,000 shares of commor stock (par 10 cents). Price -25 cents per share. Proceeds -For mining operations. Address-Box 77, Provo, Utah Underwriter-Weber Investment Co., 242 N. University Ave., Provo, Utah.

Bikini Uranium Corp., Denver, Colo. Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). Price-10 cents per share Proceeds-For exploration and development costs. Office - 705 First National Bank Bldg., Denver, Colo Underwriter-I. J. Schenin Co., New York.

Bingham-Herbrand Corp., Fremont, Ohio Feb. 2 (letter of notification) 3,000 shares of common stock (par \$1). Price—At the market (estimated at \$10 per share). Proceeds—To selling stockholder. Underwriter-Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

Bishop Oil Co., San Francisco, Calif. Feb. 21 filed 153,236 shares of common stock (par \$2) to be offered for subscription by stockholders of record March 14, 1955, on the basis of two new shares for each five shares held; rights to expire on March 30. Price-To be filed by amendment. Proceeds — To retire bank loan and to advance funds to Canadian Bishop Oil, Ltd., wholly-owned subsidiary. Underwriter-Hooker & Fay, San Francisco, Calif.

Blue Canyon Uranium, Inc.

Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). Price-Five cents per share Proceeds—For mining activities. Offices — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. Underwriter - James E Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev. Oct. 15 (letter of notification) 1,000,000 shares of common stock. Price-25 cents per share. Proceeds-For exploration and development costs. Office-402 Henderson Bank Bldg., Elko, Nev. Underwriter-Security Uranium Service, Inc., Moab and Provo, Utah.

California-Pacific Utilities Co. March 14 filed 50,000 shares of 5% cumulative convertible preferred stock (par \$20). Price-To be supplied by amendment. Proceeds - To repay bank loans and for

new construction. Underwriter - First California Co.,

San Francisco, Calif.

California Tuna Fleet, Inc. Feb. 15 filed (amendment) \$500,000 of 6% sinking fund debentures due 1967 and 50,000 shares of common stock (par \$1) to be offered in units of a \$1,000 debenture and 100 shares of stock. Price-Expected at \$1,100 per unit. Proceeds-For expansion and working capital. Office-San Diego, Calif. Underwriter-Barrett Herrick & Co., Inc., New York. Offering-May be effected in March.

Carnotite Development Corp. Oct. 26 (letter of notification) 16,000,000 shares of common stock. Price—At par (one cent per share). Proceeds -For exploration and development expenses. Office-317 Main St., Grand Junction, Colo. Underwriter-Western Securities Corp., Salt Lake City, Utah.

\* Caterpillar Tractor Co. March 10 filed 62,930.5808 shares of common stock (par \$10), representing the number of shares subject to unexercised options outstanding Feb. 28, 1955, and options for the purchase of such shares.

\* INDICATES ADDITIONS SINCE PREVIOUS ISSUE . ITEMS REVISED

\* Central Maine Power Co.

March 16 filed \$12,000,000 of first and general mortgage bonds, series V, due 1985. Proceeds—To repay bank loans and for construction program. Underwriter-To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and W. E. Hutton & Co. (jointly); Salomon Bros. & Hutzler; Kuhn. Loeb & Co.; Union Securities Corp. and A. C. Allyn & Co. Inc. (jointly)

★ Chemical Fund, Inc.

Warch 14 filed 300,000 additional shares of capital stock (par \$1). Price-At market. Proceeds-For investment,

Chesapeake & Colorado Uranium Corp. (3/28) Dec. 7 filed 750,000 shares of common stock (par five cents). Price—\$1 per share. Proceeds—For exploration and development program. Office — Washington, D. C. Underwriter-Peter Morgan & Co., New York.

Circle Air Industries, Inc. Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). Price-\$1 per share. Proceeds - For machinery and equipment and working capital. Name Change-Company was formerly known as Paley Manufacturing Corp. Office—244 Herkimer Street, Brooklyn, N. Y. Underwriter—Allen E. Beers Co., Philadelphia, Pa.

Cities Service Co. March 9 filed \$6,531,250 participation in the Employees Thrift Plan, together with 125,000 shares of common stock (par \$10) which may be purchased pursuant to the provisions of the plan.

Colorado Plateau Uranium Co. Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). Price—15 cents per share. Proceeds—For mining activities. Office—824 Equitable Bldg. Denver 2, Colo. Underwriter-John L. Donahue, 430 16th

St., Denver, Colo. Columbia Pictures Corp.

March 8 (letter of notification) 888 shares of common stock (par \$5). Price-At market (estimated at \$35 per share). Proceeds - To common stockholders in lieu of fractional shares in connection with 5% stock dividend payable March 31 to stockholders of record Feb. 9, 1955. Underwriter—Hallgarten & Co., New York.

 Concord Supplier & Equipment Corp. (3/21) Feb. 25 filed 299,700 shares of common stock (par 1) cents). Price-\$1 per share. Proceeds-For general corporate purposes. Underwriter-Franklin, Meyer & Barnett, New York.

Consolidated Credit Corp., Charlotte, N. C. Oct. 25 (letter of notification) \$100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a \$1,000 note and one warrant. Price-\$1,000 per unit (each warrant is exercisable at \$10 per share.) Proceeds — To repay bank loan. Office — 2211/2 West Trade St., Charlotte, N. C. Underwriter—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc. April 7, 1954, filed \$50,000,000 first and refunding mort-

gage bonds, series K, due May 1, 1984. Proceeds-To be applied towards cost of redeeming \$27,982,000 New York Steam Corp. first mortgage bonds and \$25,000,000 Westchester Lighting Co. general mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp. Offering-Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Fenimore Iron Mines Ltd. Jan. 24 filed 204,586 shares of common stock (par \$7) to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. Price-\$2.20 per share. Proceeds -From sale of this stock, plus \$440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and \$175,000 treasury funds, to be used to pay for geological surveys and metallurgical re-

search, for drilling expenses and other general corporate purposes. Office—Toronto, Canada, Underwriter—None. Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada

Jan. 31 filed 3,000,000 shares of common stock (no par) Price-To be supplied by amendment. Proceeds-For exploration and development of properties. Underwriter -Stock to be sold on Toronto Stock Exchange of through underwriters or selected dealers in United

Contact Uranium, Mines, Inc., N. Y.
Dec. 7 (letter of notification) 500,000 shares of com-

mon stock (par one cent). Price-10 cents per share. Proceeds-For mining expenses. Office-100 West 42nd St., New York. Underwriter-Justin Steppler, Inc., New York.

Continental Electric Equipment Co. Jan. 28 (letter of notification) 8,645 shares of common stock (no par) to be offered for subscription by stock holders of record March 1, 1955 on the basis of one new share for each five shares held; rights to expire on April 15. Price — \$18.75 per share. Proceeds — For working capital. Office — 1 Green Hills Place, Cincinnati, 0. Underwriter-None.

Continental Loan Co., Dallas, Tex. Dec. 22 (letter of notification) \$150,000 of 4% 10-year debentures and 42,000 shares of common stock (par 1) cents) to be offered in units of \$1,000 of debentures and 200 shares of stock; remaining 12,000 shares to be purchased by underwriter. Price-\$1,400 per unit; and \$2 per common share. Proceeds—To buy common stock of Budget and Mutual and for working capital. Office-815 Fidelity Union Life Bldg., Dallas, Tex. Underwriter Securities Management Corp., same address.

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Corning Glass Works, Corning, N. Y. (3/29) March 10 filed 464,700 shares of common stock (par \$5). Price—To be supplied by amendment. Proceeds—To 26 selling stockholders. Underwriters—Lazard Freres & Co. and Harriman Ripley & Co. Inc., both of New York.

Cuba (Republic of) Jan. 7 filed \$2,500,000 of Veterans, Courts and Public Works 4% bonds due 1983. Price—To be supplied by amendment. Proceeds - To Romenpower Electra Construction Co., which received the bonds in payment for work preformed for the Republic or one of more of its agencies. Underwriters-To be named by amend-

Desert Queen Uranium Co., Salt Lake City, Utah Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). Price-\$1 per share. Proceedsfor mining operations. Office-506 Judge Building, Salt Lake City, Utah. Underwriter — Selected Securities Ltd., Los Vegas, Nev.

Desert Uranium Co., Salt Lake City, Utah Oct. 18 (letter of notification) 2,000,000 shares of common stock Price—At par (15 cents per share). Proceeds
—For exploration and development expenses. Office— 524 Atlas Bldg., Salt Lake City, Utah. Underwriter— Van Blerkom & Co., same city.

Diamond Uranium Corp., Moab, Utah Jan. 20 (letter of notification) 3,500,000 shares of common stock (par one cent). Price-Five cents per share.

Proceeds—For mining expenses. Office—M. I. C. Bldg., Moab, Utah. Underwriter—Security Uranium Service, Inc., K. O. V. O. Bldg., P. O. Box 77, Provo, Utah.

East Tennessee Water Corp.

Dec. 20 (letter of notification) \$160,000 of first mortgage 6% bonds dated Dec. 1, 1954. Price — At par (in denominations of \$1,000 each). Proceeds—For purchase of real estate, capital improvements and contingencies. Of-fiee—306 E. Main St., Johnson City, Tenn. Underwriter —D. T. McKee Investment Co., Box 904, Bristol, Va.

East Texas Loan & Investment Co. Jan. 20 (letter of notification) 25,000 shares of common stock (no par). Price — \$10 per share. Proceeds—For working capital. Office—203 East Cotton St., Longview, Tex. Underwriter-D. G. Carter Investment Co., same

ElectroData Corp., Pasadena, Calif. (3/31) March 7 filed 210,000 shares of capital stock (par \$1) to be offered for subscription by stockholders at the rate of three new shares for each 10 shares held on March 31; with subscription rights to expire on April 18. Price To be supplied by amendment. Proceeds - For construction of new plant and office building, new equipment and working capital. Underwriter-Blyth & Co., Inc., San Francisco and New York.

Electronics Co. of Ireland Jan. 6 filed 300,000 shares of capital stock. Price—At par (\$1 per share). Proceeds—For machinery and building and working capital. Office — 407 Liberty Trust Bldg., Philadelphia, Pa. Underwriter—None.

Electronics Investment Corp., San Diego, Calif. Dec. 14 filed 2,000,000 shares of capital stock (par \$1). Price-\$5 per share. Proceeds-For investment.

new shares for each share held; rights to expire on April 8, 1955. Price \$6 per share. Proceeds Together with funds from mortgage loan of \$350,000 to redeem \$581,700 outstanding income mortgage loan certificates. Office—141 Broadway, New York 6, N. Y. Underwriter -None, but Breswick & Co., New York, will buy unsubscribed shares.

El Morocco Enterprises, Inc., Las Vegas, Nev. Dec. 29 filed \$6,000,000 of 8% sinking fund debenture bonds due July 1, 1967, and 1,950,000 shares of commen stock (par 10 cents), each purchaser of bonds to have the right to purchase common stock at par at rate of 10 shares for each \$100 of bonds up to \$9,900 of debenture bonds purchased, with amount of shares increasing in proportion to amount of bonds purchased. Price—100% of principal amount for bonds. Proceeds—To pay balance of purchase price of Las Vegas Hotel, Inc. capital stock, construction of main hotel building, pavilions, swimming pool, furnishings, etc. Underwriter—Company may sell debenture bonds and common stock to dealers through brokers.

March 3 (letter of notification) 28,143 shares of capital

stock (par \$1) to be offered for subscription by stockholders of record March 3, 1955 on the basis of three

Eleven Moore Street Corp. (3/18)

Eula Belle Uranium, Inc. Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). Price—Five cents per share.

Proceeds—For exploration and development expenses.

Office—506 First Security Bank Bldg., Salt Lake City.

Utah. Underwriter—Utah Securities Co., same city.

Farm & Home Loan & Discount Co. Nov. 29 filed 320,000 shares of class A common stock (par 25 cents), 214,285 shares of class B common stock (par 35 cents) and 300,000 shares of class C common stock (par 50 cents). Price — At par. Proceeds — For working capital. Office-Phoenix, Ariz. Underwriter-

Financial Credit Corp., New York Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. Price-At par (\$2 per share). Preceeds - For working caiptal, Underwriter - E. J. Fountain & Co., Inc., New York.

• Flo-Mix Fertilizers Corp., Houma, La. (3/21) Feb. 14 filed 585,000 shares of common stock (par 10 cents). Price-\$5 per share. Proceeds—To buy equipment and for working capital. Underwriter - Tsching Investment Co., Delta Bldg., New Orleans, La.

★ Florida Power & Light Co. (3/28-29) March 11 filed 305,000 shares of common stock (no par).

Price—To be supplied by amendment. Proceeds—For construction program. Underwriters — Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. both of New York.

Florida Telephone Corp. (4/1) March 4 filed 77,350 shares of common stock (par \$10) to be offered for subscription by common stockholders of record April 1, 1955, and by certain officers and employees. Price-\$13 per share. Proceeds-For construction program. Office-Ocala, Fla. Underwriter-None.

Fort Vancouver Plywood Co., Vancouver, Wash. Feb. 21 filed 397 shares of common stock. Price At par (\$4,500 per share). Proceeds - For down payment on purchase price of mill facilities and for other expenses. Underwriter-John C. O'Brien, one of the promoters.

Four States Uranium Corp., Grand Junction, Cole., Aug. 16 (letter of notification) 300,000 shares of common stock. Price-At par (\$1 per share). Proceeds-Forexploratory and development expenses. Office — 628 Rood Avenue, Grand Junction, Colo. Underwriter — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Gatineau Uranium Mines Ltd. (Canada) Aug. 10 (Regulation "D") 300,000 shares of ccannon stock. Price-At par (\$1 per share). Proceeds-For explorstion and development costs. Office — 100 Adelaide St. West, Toronto, Canada. Underwriter—McCoy & Willard, Boston, Mass.

Gem Uranium & Oil Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 11,000,000 shares of capital
stock (par one cent). Price—Two cents per share. Proceeds—For exploration and development of all and uranium properties. Office — 414 Judge Bldg., Salt Lake City, Utah. Underwriter—Utah Uranium Brokers, same city.

★ General Dynamics Corp. (4/4-6) March 11 filed \$40,000,000 of convertible debentures. due April 1, 1975. Price - To be supplied by amendment. Proceeds-For expansion and improvement of facilities and for working capital. Underwriters-Lehman Bros. and Blyth & Co., Inc., both of New York.

General Homes, Inc. Dec. 15 filed 300,000 shares of common stock (par \$1). Price-\$5 per share. Proceeds-For plant expansion, new equipment, inventory and working capital. Office-Huntington Station, L. I., N. Y. Underwriter-S. D. Fuller & Co., New York.

• General Shoe Corp. (3/22) March 4 filed \$10,000,000 of 25-year debentures due March 1, 1980. Price—To be supplied by amendment. Proceeds-To retire a \$3,000,000 promissory note, for additions and improvements and working capital. Underwriter-Smith, Barney & Co., New York.

General Uranium Corp., Sait Lake City, Utah Oct. 27 (letter of notification) 1,200,000 shares of conmon stock. Price-At par (25 cents per share). Preceeds-For development and exploration expenses. Office-404 Boston Building, Salt Lake City, Utah. Underwriter-P. G. Christopulos & Co., same city.

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# NEW ISSUE CALENDAR

March 18 (Friday)

Eleven Moore Street Corp.\_\_\_\_Com:
Offering to stockholders—no underwriting) \$168,858 \_Common

March 21 (Monday)

Concord Supplier & Equipment Corp.\_\_\_Common (Franklin, Meyer & Barnett) 299,700 shares Flo-Mix Fertilizers Corp.\_\_\_\_ .\_\_\_\_Common (Tschirn Investment Co.) \$2,925,000 (Van Alstyne, Noel & Co.) \$1,375,000 Kin-Ark Oil Co .... Model Finance Service, Inc. (Paul C. Kimball & Co.) \$600,000 \_\_Debentures

National Shares Corp. Common (Offering to stockholders—no underwriting) 300,000 shares

March 22 (Tuesday)

Atlantic Steel Co.\_\_\_\_Common General Shoe Corp. (Smith, Barney & Co.) \$10,000,000 \_Debentures

National Gypsum Co. Common (Offering to stockholders—underwritten by W. E. Hutton & Co. and Blyth & Co., Inc.) 464,325 shares

Western Auto Supply Co.\_\_\_\_\_Prefer (Merrill Lynch, Pierce, Penner & Beane) \$5,000,000 \_Preferred

March 23 (Wednesday)

Beneficial Standard Life Insurance Co.\_\_Common (Lehman Brothers) 460,000 shares \_\_\_Common

Joy Manufacturing Co... Debentures

(Hallgarten & Co.; R. W. Pressprich & Co.; and
Adamex Securities Corp.) \$20,000,000 Southern Pacific Co.\_\_\_\_ Equip. Trust Ctfs.

(Bids noon EST) \$8,400,000 Sundstrand Machine Tool Co ..... Common (Offering to stockholders—underwritten by Merrill, Lynch, Pierce, Fenner & Beane; Bacon, Whipple & Co.; and Dean Witter & Co.) 108,885 shares

White Canyon Mining Co.\_\_\_\_Common (Joseph McManus & Co. and A. P. Kibbe & Co. \$3,000,000 ---Common

March 24 (Thursday) Chicago, Rock Island & Pacific RR .- Debentures

(The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and Union Securities Corp.) \$65,000,000 Kentucky Utilities Co.\_\_\_\_\_Common (Offering to stockholders—underwritten by Bloth & Co., Inc. and J. J. B. Hilliard & Son) 190,566 shares

March 28 (Monday) American Locomotive Co..... \_Debentures (Smith, Barney & Co.) \$25,000,000 Chesapeake & Colorado Uranium Corp.\_\_Common (Peter Morgan & Co.) \$750,000

Florida Power & Light Co.\_\_\_\_Common (Merrill Iynch, Pierce, Fenner & Beane and Kidder, Peabody & Co.) 305,000 shares Holly Uranium Corp. Common (Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett) \$3,150,000

March 29 (Tuesday)

Corning Glass Works\_\_\_\_\_Comme (Lazard Freres & Co. and Harriman Ripley & Co. Inc.) 464,700 shares \_Common

Pacific Northwest Pipeline Corp ... Notes & Com. (White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.) \$17,220,000 Securities debentures and 287,000 shares of stock

Storer Broadcasting Co. ----Common (Reynolds & Co.) 262,750 shares

March 30 (Wednesday)

Arkansas Power & Light Co.\_\_\_\_Bonds (Bids 11 a.m. EST) \$18,000,000

Arkansas Power & Light Co.\_\_\_\_Preferred (Bids 11 a.m. EST) \$9,350,000

March 31 (Thursday) ElectroData Corp.

(Offering to stockholders—underwritten by Blyth & Co., Inc.) 210,000 shares \_Common

April 1 (Friday)

Florida Telephone Corp.\_\_\_\_Comme (Offering to stockholders—no underwriting) 77,350 shares Common April 4 (Monday)

General Dynamics Corp. Debentur (Lehman Brothers and blyth & Co., Inc.) \$40,000,000 Debentures

Southern States Oil Co.\_\_\_\_Common (Gordon Graves & Co., Inc.) \$500,000 April 5 (Tuesday)

Kentucky Utilities Co. (Bids to be invited) \$5,000,000 West Texas Utilities Co.....Bonds (Bids to be invited) \$7,500,000

April 6 (Wednesday)

Tennessee Gas Transmission Co... Debentures
(Stone & Webster Securities Corp.; White, Weld & Co.;
and Halsey, Stuart & Co. Inc.) \$25,000,000

April 11 (Monday)

White River Propane Gas Co., Inc.\_Debens. & Com. (Eisele & King, Libaire, Stout & Co.) \$700,000

April 14 (Thursday)

Savannah Electric & Power Co.\_\_\_\_Comme (The First Boston Corp. and Stone & Webster Securities Corp.) 165.000 shares Common

April 15 (Friday)

Westpan Hydrocarbon Co: \_\_\_\_\_Con (May be Union Securities Corp.) 384,861 shares \_Common

April 25 (Monday)

----Bonds Philadelphia Electric Co ..... (Bids to be invited) \$50,000,000

May 2 (Monday)

Augusta Newspapers, Inc....Preferred & Common (Johnson, Lane, Space & Co.)

May 10 (Tuesday) Georgia Power Co.\_\_\_\_ (Bids 11 a.m. EST) \$12,000.000 New York, Chicago & St. Louis RR .\_ Eq. Tr. Ctfs.

(Bids to be invited) \$4,080,000 May 17 (Tuesday)

....Bonds 

May 24 (Tuesday) 

June 7 (Tuesday) Virginia Electric & Power Co.\_\_\_\_Bonds
(Bids to be invited) \$25,000,000

November 9 (Wednesday)

Southern Co. (Bids to be invited) 500,000 shares

Gulf Cities Gas Corp., St. Petersburg, Fia.
Feb. 15 (letter of notification) 31,500 shares of class A stock (par \$1). Price—\$7.75 per share. Proceeds — To repay notes and other obligations and for working capital. Underwriter—Eisele & King, Libaire, Stout & Co., New York. Letter to be withdrawn; full registration of about 50,000 shares expected. Offering — Expected about May 2.

Gulf States Utilities Co.

May 14, 1954 filed 160,800 shares of preferred stock (par \$100). Proceds—To redeem 50,000 shares of \$4.50 dividend preferred stock, 60,000 shares of \$4.40 dividend preferred stock, 1949 series, and 50,000 shares of \$4.44 dividend preferred stock at the prevailing redemption prices of \$105, \$105, and \$105.75, respectively. Underwriter—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). Bids—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Quif States Utilities Co.

May 14, 1954 filed \$24,000,00 first mortgage bonds due
June 1, 1984. Proceeds—To redeem \$10,000,000 of 3%%
first mortgage bonds due 1981 and \$10,000,000 of 3%%
first mortgage bonds due 1983, and for general corporate purposes. Underwriter—To be determined by competitive hidding. Probable bidders: Halsey, Stuart &

petitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. Bids—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

• Hanover Fire Insurance Co.

Feb. 24 filed 100,000 shares of capital stock (par \$10) being offered for subscription by stockholders of record March 16 at the rate of one new share for each four shares held; rights to expire on April 4. Price—\$42 per share. Proceeds—To be added to the general funds of the company to enable it to expand its business, particularly in the writing of casualty and multiple-line policies. Underwriters—The First Boston Corp. and R. W. Pressprich & Co., both of New York.

Harvard Brewing Co., Lowell, Mass. (3/23)
Feb. 1 filed 345,760 shares of common stock (par \$1), which the Attorney General, as successor to the Alien Property Custodian, is the owner and proposes to offer at competitive bidding. If any such bid is accepted, and if the successful bidder plans to distribute the shares, the company will file post-effective amendments to supply the requisite additional information. There are 625,000 shares outstanding. Bids—To be received by Office of Alien Property, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., up to 3:30 p.m. (EST) on

March 23.

Heliogen Products, Inc.

March 7 (letter of notification) 22,670 shares of common stock (par \$1), of which 12,670 shares are to be offered for subscription by stockholders up to and including June 15, 1955, and 10,000 shares are to be offered publicly. Price—\$5 per share. Proceeds—For working capital, etc. Office—35-10 Astoria Blvd., Long Island City, N. Y. Underwriter—Smith & Co., Waterville, Me.

Hobby & Brown Electronic Corp.

Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). Price—\$1.25 per share. Proceeds—To increase inventory and for working capital. Office—55 Front St., Rockville Centre, L. I., N. Y. Underwriter—W. Harry Young Co., Garden City, L. I., N. Y.

• Holly Uranium Corp., New York (3/28-4/1)
Feb. 10 filed 900,000 shares of common stock (par \$1).
Price—\$3.50 per share. Proceeds—To exercise certain options on properties in Utah and New Mexico. Underwriter—Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett, both of New York.

• Industrial Hardware Manufacturing Co., Inc. March 9 filed \$3,000,000 of 6% debentures due March 1, 1975, of which \$2,596,600 principal amount are to be offered first to stockholders. Price—To be supplied by amendment. Proceeds—To purchase preferred stock of Hugh H. Eby Co., at par; to purchase real estate, machinery and equipment, etc.; for the acquisition of all common stock of Eby company and to pay certain bank loans and notes payable of Eby. Underwriters—Names to be supplied by amendment (expected to be Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York).

Inland Western Loan & Finance Corp.

Feb. 17 filed 2,500,000 shares of class A non-voting common stock (par \$1). Price—\$1.25 per share. Proceeds—To be used as operating capital for its two subsidiaries, and to finance establishment and operation of additional loan and finance offices. Office—Phoenix, Ariz. Underwriter—None.

International Spa, Inc., Reno, Nev.

Nov. 23 filed 12,000 shares of common stock (no par). Price—\$500 per share. Proceeds—For land, construction, working capital, etc. Underwriter—None.

Investment Corp. of America

Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). Price—For preferred, \$20 per share;

and for common, \$2 per share. Proceeds—For working capital. Office—3603 Broadway, San Antonio, Tex. Underwriter—Interior Securities, Inc., San Antonio, Tex.

Israel Pecan Plantations, Ltd.

Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). Price—\$10 per share. Proceeds—For capital expenditures. Underwriter—None. Offices—Natanya, Israel, and New York, N. Y.

Jarmon Properties & Oil Development Corp.
Jan. 17 (letter of notification) 30,000 shares of captal stock. Price—At par (\$10 per share). Proceeds—For further exploration and development. Addres—P. O. Box 1109, Wichita Falls, Tex. Underwriter—John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and another.

Joy Manufacturing Co. (3/23)
Feb. 28 filed \$20,000,000 of sinking fund debentures due 1975. Price—To be supplied by amendment. Proceeds—For expansion and working capital. Underwrit-

ers—Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp., all of New York.

Justheim Petroleum Co.

Dec. 9 (letter of notification) 2,650,000 shares of common stock (par five cents). Price—10 cents per share.

Proceeds — For oil and mining expenses. Office—318

Phillips Petroleum Bldg., Salt Lake City, Utah. Underwriter—Hunter Securities Corp., New York.

• Kentucky Utilities Co., Lexington, Ky. (4/5)
March 7 filed \$5,000,000 first mortgage bonds, series F,
due April 1, 1985. Proceeds—For construction program.
Underwriter—To be determined by competitive bidding.
Probable bidders: Halsey, Stuart & Co. Inc.; Harriman
Ripley & Co. Inc.; The First Boston Corp. and Lehman
Brothers (jointly); Union Securities Corp. and Merrill
Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co.,
Inc.; Kidder, Peabody & Co. and White, Weld & Co.
(jointly); Equitable Securities Corp. Bids — Expected
about April 5.

March 7 filed 190,566 shares of common stock (par \$10) to be offered for subscription by common stockholders of record March 21 on the basis of one new share for each 12 shares held; rights expire on April 11. Price—To be supplied by amendment. Proceeds—For construction program. Underwriters—Blyth & Co. Inc., New York, and J. J. B. Hilliard & Son, Louisville, Ky.

Kin-Ark Oil Co., El Dorado, Ark. (3/21-25)
Feb. 24 filed 500,000 shares of common stock (par 10 cents). Price—\$2.75 per share. Proceeds—To repay \$279,000 mortgage indebtedness and \$45,500 outstanding notes; to pay \$70,000 outstanding accounts payable, and for drilling of 14 additional wells and working capital. Underwriter—Van Alstyne, Noel & Co., New York.

Lake Lauzon Mines, Ltd., Toronto, Can.

Aug. 2 filed 660,000 shares of common stock (par \$1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. Price—40 cents per share, U. S. funds. Proceeds — For development and exploration expenses. Underwriter—To be named by amendment.

Lee Finance Co., Minneapolis, Minn.

Nov. 3 (letter of notification) 13,000 shares of preferred stock (par \$10) and \$170,000 of 8% subordinate notes due five years from date of issue. Price—At par. Proceeds—To reduce bank loans and for working capital. Office—305 Northwestern Federal Bldg., Minneapolis, Minn. Underwriter—Daniels & Smith, Inc., same city.

Liberty Uranium Corp., Salt Lake City, Utan July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—Three cents per share. Proceeds—For mining operations. Office—402 Darling Bldg., Salt Lake City, Utah. Underwriter—Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Lucky Lake Uranium, Inc., Salt Lake City, Utah Feb. 9 (letter of notification) 8,000,000 shares of capital stock. Price—At par (two cents per share). Proceeds—For mining expenses. Office—201 Boston Building, Salt Lake City, Utah. Underwriter—Kastler Brokerage Co., same city.

Lucky Strike Uranium Corp.

Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—For mining operations. Office—38 South Main St., Sait Lake City, Utah. Underwriter—Seaboard Securities Corp., Washington, D. C.

Mac Fos Uranium, Inc., Salt Lake City, Utah Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). Price—Three cents per share

Utah Securities Co., same city.

Magic Metals Uranium Corp.

Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). Price — 10 cents per share.

Proceeds—For exploration and development expenses.

Proceeds—For exploration and development costs. Office

-239 Ness Bldg., Salt Lake City, Utah. Underwriter-

Office—65 East 4th South, Salt Lake City, Utah. Underwriter—Mid-Coninent Securities, Inc., the same city.

Marble Canyon Uranium, Inc.

Feb. 4 (letter of notification) 20,900,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining operations.

ceeds—For mining operations. Office—587 — 11th Ave., Salt Lake City, Utah. Underwriter—Potter Investment Co., same city.

\*\*Marlowe Chemical Co., Inc.

March 11 (letter of notification) 300,000 shares of common stock (par one cent). Price—\$1 per share. Proceeds—For working capital. Business—To manufacture and sell a home unit fire extinguisher. Office—17 West 44th St., New York 36, N. Y. Underwriter—General Investing Corp., New York.

Mascot Mines, Inc., Kellogg, Ida.

Feb. 17 (letter of notification) 200,000 shares of common stock (par 35 cents). Price—75 cents per share. Proceeds—For mining expenses. Underwriter—Standard Securities Corp., Spokane, Wash.

★ Meredith Publishing Co., Des Moines, Ia.

March 15 filed 75,000 shares of common stock to be offered to key employees under restricted stock option

Merritt-Chapman & Scott Corp.

Dec. 21 filed 3,018,567 snares of common stock (par \$12.50) being offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par \$5) of Tennessee Products & Chemical Corp., at the rate of 11/4 shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par \$2) of Devoe & Raynolds Co., Inc. at the rate of 1% shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par \$1) of Devoe, at the rate of 11/3 shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par \$1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par \$1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,409 outstanding shares of common stock (par \$10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 11/2 shares for each share of common stock of Marion; and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood. Offer will expire on March 28. Dealer-Manager-A. C. Allyn & Co., Inc. for Devoe & Raynolds exchange.

Mesa Petroleum Co., Inc., Wichita, Kans.
Feb. 9 (letter of notification) 75,000 shares of common stock (no par). Price—\$4 per share. Proceeds—To complete wells already drilled on properties owned by company; and to drill additional wells. Office—303 Insurance Building, Wichita, Kans. Underwriter—Albert C. Schenkosky, same city.

Mi-Ame Canned Beverages Co., Hialeah, Fla. Oct. 28 (letter of notification) 200,000 shares of common stock. Price—At par (\$1 per share). Proceeds—To purchase raw materials and new machinery, and for working capital. Underwriter — Frank D. Newman & Co., Miami, Fla.

Micro-Moisture Controls, Inc.
Jan. 13 (letter of notification) \$250,000 of 65% % income convertible debentures (subordinated) due Feb. 1, 1965, to be offered initially to stockholders. Price—100% of par (in units of \$100 or multiples thereof). Proceeds—For working capital, etc. Office—22 Jericho Turnpike, Mineola, N. Y. Underwriter—None.

Military Investors Financial Corp.

Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). Price—\$2 per share. Proceeds—For general corporate purposes. Office—2310 Main St., Houston, Texas. Underwriter—Cobb & Co., Inc., same

Missouri Uranium Corp., Kansas City, Mo.
Jan. 24 filed 150,000 shares of preferred stock (par \$5)
and 150,000 shares of common stock (no par) to be offered in units of one share of each class of stock. Price
\$\$-\$5 per unit. Proceeds—For exploration and development, etc. Underwriter—Dale E. Klepinger & Associates,
203 W. Dartmouth, Kansas City, Mo.

Model Finance Service, Inc. (3/21-25)
Feb. 28 filed \$600,000 of 6% subordinated debentures, with detachable common stock purchase warrants for a total of 18,000 shares of \$1 par value common stock (a warrant for 30 shares for each \$1,000 debenture) to be offered in units of a \$500 debenture, plus a warrant for purchase of 15 shares of stock at \$2 per share. Price-\$500 per unit. Proceeds—For payment of certain notes. Office—Jackson, Mich. Underwriter—Paul C. Kimball & Co., Chicago, Ill.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—10 cents per share.
Proceeds—For exploration and development expenses.
Underwriter—James E. Reed Co., 139 North Virginia
St., Reno, Nev.

Montezuma Uranium, Inc., Denver, Colo.
Jan. 5 (letter of notification) 3.000,000 shares of common stock (par five cents). Price—10 cents per share.
Proceeds—For exploration and development operations.
Office—Ernest and Cranmer Bldg., Denver, Colo. Underwriter—Investment Service Co., same city.

Mother Lode Uranium Co.
Jan. 28 (letter of notification) 10,000,000 shares of common stock. Price—At par (two cents per share). Proceeds—For mining operations. Office—470 South 13th East, Salt Lake City, Utah. Underwriter—M. C. Leonard and Associates, 602 Tribune Bldg., Salt Lake City, Utah.

• National Aviation Corp., New York
Feb. 18 filed 111,618 shares of capital stock (par \$5)
being offered for subscription by stockholders at rate of
one new share for each four shares held as of record
March 10 (with an oversubscription privilege); rights
to expire on March 25. Price—\$30 per share. Proceeds

For investment. Underwriter - None. Subscription gent-The Hanover Bank, New York City.

National Gypsum Co. (3/22) eb. 28 filed 464,325 shares of common stock (par \$1) be offered for subscription by common stockholders record March 21, 1955 at the rate of one new share or each six shares held; rights to expire on April 4, 955. Price—To be supplied by amendment. Proceeds or capital expenditures and working capital. Underwriters-W. E. Hutton & Co. and Blyth & Co., Inc., oth of New York.

National Shares Corp., New York (3/21)

farch 7 filed 360,000 shares of capital stock (par \$1) be offered for subscription by stockholders of record farch 21 on the basis of one new share for each two hares held (with an oversubscription privilege); rights expire on April 4. Price-To be supplied by amendnent. Proceeds-For investment. Underwriter-None,

New England Telephone & Telegraph Co. eb. 4 filed 511,205 shares of capital stock being offered or subscription by stockholders of record March 1, 1955 the rate of one new share for each five shares held; ghts to expire on March 31. Price-At par (\$100 per hare). Proceeds—To repay advances from American elephone & Telegraph Co., the parent, which owns 769,035 shares (69.21%) of the outstanding stock. nderwriter-None.

New Pacific Coal & Oils, Ltd., Toronto, Canada ec. 28 (regulation "D") 275,000 shares of common stock no par), of which 120,000 shares are to be offered in anada and 155,000 shares in the United States. Price— 5 cents per share. Proceeds — To selling stockholders. Inderwriter—L. D. Friedman & Co., New York.

New Silver Belle Mining Co., Inc., Almira, Wash. ept. 8 (letter of notification) 500,000 shares of common tock (par two cents). Price—10 cents per share. Preceds—For exploration and development costs. Underriters—Percy Dale Lanphere and R. E. Nelson & Co., oth of Spokane, Wash.

Oklahoma Gas & Electric Co.

eb. 23 filed 331,643 shares of common stock (par \$10) eing offered for subscription by common stockholders record March 16 on the basis of one new share for ch eight shares held. Employees will be given the ight to subscribe for not exceeding 12,000 shares of ny unsubscribed stock. Rights will expire on April 5. rice - \$31.50 per share. Proceeds - For construction ned by rogram. Underwriter-Merrill Lynch, Pierce, Fenner Beane, New York.

Pacific Northwest Pipeline Corp. (3/29)

arch 9 filed \$17,220,000 of 6% interim notes due June 1957 and 287,000 shares of common stock (par \$1) to offered in units of \$60 principal amount of notes and e share of stock. Price-To be supplied by amendment expected to be \$70 per unit). Proceeds—Together with her funds, to finance construction of a 1,466 mile atural gas pipe line between Ignacio, Colo., and Sumas, Vash. on the Canadian border. Underwriters — White, Veld & Co.; Kidder, Peabody & Co.; The Dominion Seurities Corp.; and Union Securities Corp. Financing lans also include offering to present stockholders of 549,100 shares of common stock at \$10 per share.

Paramount Uranium Corp., Moab, Utah ct. 7 (letter of notification) 6,000,000 shares of capital ock. Price—At par (five cents per share). Proceeds or mining expenses. Office—325 Main St., Moab, Utah. nderwriter-Van Blerkom & Co., Salt Lake City, Utah

Pay Day Uranium Co., Las Vegas, Nev. ct. 15 (letter of notification) 2.500.000 shares of capital tock (par two cents). Price-10 cents per share. Proeeds-For exploration and development costs. Office-30 Fremont St., Las Vegas, Nev. Underwriter—Allied Inderwriter Co., the same city

Pecos Mining Co., Dallas, Texas eb. 21 (letter of notification) 5,990,000 shares of comon stock. Price-At par (five cents per share). Proeds-For exploration and drilling expenses and workg capital. Underwriter-Carroll, Kirchner & Jaquith,

c., Denver, Colo. Petro-Minerals, Inc., Kous'on, Tex.

farch 15 filed 500,000 shares of capital stock (par 10 ents), of which 195,714 shares are to be offered by comany and 304,286 shares by a selling stockholder, to be ffered for subscription by stockholders and warrant of Johnston Oil & Gas Co. of record April 1 on e basis of one new share for each four shares of Johnn Oil stock held (or represented by warrants held). ohnston Oil has agreed to purchase any company shares of purchased by other Johnston Oil stockholders. Price-\$1 per share. Proceeds—For geological and other exenses, and for other general corporate expenses.

Petroleum Reserves, Inc., New York
b. 14 filed \$7,500,000 of 4% debentures due 1970, 0,000 shares of 5% preferred stock (par \$25) and 00,000 shares of common stock (par 10 cents) to be ered in units of \$750 principal amount of debentures, shares of preferred stock and 100 shares of common ock. Price-To be supplied amendment. Proceedsor acquisition of producing oil and gas properties. Unerwriter-Smith, Barney & Co., New York.

Public Service Electric & Gas Co.

22 filed 250,000 shares of cumulative preferred stock par \$100). Price-To be supplied by amendment. Proeeds—To reduce bank loans and for construction pro-ram. Underwriters—Morgan Stanley & Co.; Drexel & and Glore, Forgan & Co. Offering - Temporarily

Pyramid Life Insurance Co., Charlotte, N. C. 15 filed 250,000 shares of capital stock (par \$1) to offered for subscription by common stockholders of

record March 1, 1955 on the basis of one new share for each three shares held. Any shares remaining unsubscribed 30 days following date of mailing of warrants will be disposed of through the company's executive committee. Price-\$3.75 per share. Proceeds-To expand business. Underwriter-None.

Ranger Lake Uranium Mines, Ltd., Toronto, Canada

Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For general corporate purposes. Underwriter—James Anthony Securities Corp., New York.

★ Reis (Robert) & Co.

capital. Underwriter-None.

March 15 (letter of notification) 3,000 shares of \$1.25 prior preference stock (par \$10) and 18,000 shares of common stock (par \$1). Price—At market (about \$9 per share for preference stock and about \$1.25 for common stock). Proceeds-To Trust of Arthur M. Reis, deceased. Underwriter-Lehman Brothers, New York.

Revere Realty, Inc., Cincinnati, Ohio March 8 filed \$1,000,000 of 51/2% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). Price—Par for debentures and \$100 per share for stock. Proceeds — To purchase real estate or interest therein. Underwriter-Stanley Cooper Co., Inc.,

Ritter Finance Co., Inc., Syncote, Pa. Feb. 24 filed 4,000 shares of 5½% cumulative preferred stock, third series (par \$50) and 40,000 shares of class B common stock (par \$1) to be offered in units of one preferred share and 10 class B shares. Price-\$75 per unit. Proceeds-To reduce bank loans and for working

St. Regis Paper Co., New York Feb. 18 filed 24,381 shares of common stock (par \$5) to be offered in exchange for common stock (par \$1) of Michigan Molded Plastics, Inc. on the basis of one St. Regis share for each 54 shares of Michigan common stock of which there are 128,000 shares outstanding. Underwriter None. Statement effective March 8.

Salisbury Broadcasting Corp., Paxton, Mass. Jan. 20 (letter of notification) \$150,000 of 5% notes and 6,000 shares of common stock (par \$1) to be offered first to stockholders in units of \$1,000 of notes and 40 shares of stock. Price-\$1,000 per unit. Proceeds-For working capital. Office - Asnebumskit, Paxton, Mass. Underwriter - Kinsley & Adams, 6 Norwich St., Worcester,

Samicol Uranium Corp., Santa Fe, N. M. Sept. 14 filed 300,000 shares of common stock (par 10 cents). Price-\$2 per share. Proceeds-For development and exploration expenses, etc. Underwriters-R V. Klein Co. and McGrath Securities Corp., both of

San Miguel Uranium Mines, Inc. Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). Price-15 cents per share. Proceeds — For mining operations. Office — Mineral Bldg., Grand Junction, Colo. Underwriter — Tellier & Co., Jersey City, N. J.

\* Sealed Power Corp., Muskegon Heights, Mich. March 16 filed 100,000 shares of common stock (par \$10) of which 50,000 shares are to be offered by company and 50,000 shares by selling stockholders. Price—To be supplied by amendment. Proceeds — For capital additions and improvements. Underwriter-A. G. Becker & Co. Inc., Chicago, Ill.

Shumway Uranium Mining Corp.

Jan. 28 (letter of notification) 200,000 shares of capital stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Office—64 East 4th South St., Salt Lake City, Utah. Underwriter-Doxey Investment Co., same

Silver Pick Uranium, Inc., Reno, Nev. Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). Price-10 cents per share Proceds-For exploration and development costs. Office-211-206 N. Virginia Street, Reno, Nev. Underwriter -Western Securities Corp., Las Vegas, Nev.

Silver Reef Uranium Co., Salt Lake City, Utah Jan. 17 (letter of notification) 3,000,000 shares of com-mon stock (par five cents). Price—10 cents per share. Proceeds—For mining expenses. Office—130 South 13th East, Salt Lake City, Utah. Underwriter—Peters, Writer & Christensen, Inc., Denver, Colo.

Sinclair Oil Corp., New York March 7 filed 337,830 shares of common stock (no par) to be offered in exchange for shares of capital stock of Venezuelan Petroleum Co. in the ratio of five shares of Sinclair stock for each eight shares of Venezuelan stock tendered for exchange under terms of this offer provided at least 450,000 shares are tendered.

Slick Rock Uranium Development Corp. Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended Price-10 cents per share. Proceeds-For development and exploration expenses. Office-Newhouse Hotel, Salt Lake City, Utah. Underwriter - Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc. Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). Price — 10 cents per share Proceeds—For mining expenses. Offices — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kangas City, Mo. Underwriter. F. B. Bell 2. Kansas City, Mo. Underwriter-E. R. Bell & Co., Kansas City, Mo

Southeastern Public Service Co.

Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) being offered in exchange for Hamilton Gas Corp. capital stock (par \$1) on the basis

of 31/2 Southeastern shares for each Hamilton share. This offer shall terminate when offer shall have been accepted by Hamilton stockholders owning not in excess of 8,000 shares of Hamilton stock. Office—70 Pine St., New York 5, N. Y. Underwriter—None.

Southern States Oil Co. (4/4-7)

Feb. 25 filed 250,000 shares of common stock (par one cent). Price-\$2 per share. Proceeds-For further exploration and development of properties, for drilling costs and for acquisition of interests in other oil companies. Office - Laurel, Miss. Underwriter - Gordon Graves & Co., Inc., New York.

 Southern Union Oils, Ltd. Feb. 16 filed 1,211,002 shares of common stock (par \$1) of which 511,002 shares are to be offered for subscription by existing stockholders on a basis of one new share for each share held. as of March 15; rights to expire on April 12. Price — To stockholders, 50 cents per share; and to public, at a market price to be equivalent to last sale on Toronto Stock Exchange-65c-75c (ex-rights) per share. Proceeds-For exploratory and developmental expenses; for possible acquisition of additional oil and gas interests; and to meet current liabilities. Office-Toronto, Canada. Underwriter — Willis E. Burnside &

Star Uranium Corp., Salt Lake City, Utah Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share.

Proceeds — For exploration and development costs. Underwriter-Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.

July 9 filed 621,882 shares of preferred stock (par \$10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price -\$10.01 per unit. Proceeds—For purchase of land and to construct and equip a luxury hotel. Underwriter-None.

★ Stewart Oil & Gas Co., San Angelo, Texas March 14 filed 750,000 shares of common stock (par 10¢) Price-\$1 per share. Proceeds-To repay bank loan, and for development of properties and other activities incident to oil and gas operations. Underwriter - Barrett Herrick & Co., Inc., New York.

\* Storer Broadcasting Co.,

Co., Inc., New York.

Miami Beach, Fla. (3/29)
March 10 filed 262,750 shares of common stock (par \$1). Price - To be supplied by amendment. Proceeds - To reduce 41/2% notes, due 1955-1961, by approximately \$10,000,000; and to redeem all or part of the outstanding 15,000 shares of 7% cumulative preferred stock (par \$100) at \$107 per share. Underwriter—Reynolds & Co., New York.

Sun Hotel, Inc., Las Vegas, Nev. Feb. 16 filed 760,000 shares of pfd. capital stk. (par \$9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. Price-\$10 per unit. Proceeds-To purchase property; for construction of hotel; and for working capital. Underwriter-Coombs & Co., Salt Lake City, Utah.

Sundstrand Machine Tool Co. (3/23)

March 4 filed 108,885 additional shares of common stock (par \$5) to be offered to common stockholders on the basis of one new share for each five shares held as of March 22; rights to expire on April 6. Price - To be supplied by amendment. Proceeds - For expansion and general corporate purposes. Underwriters—Merrill Lynch, Pierce, Fenner & Beane, New York; Bacon, Whipple & Co., Chicago, Ill.; Dean Witter & Co., San Francisco, Calif.

Sunshine Park Racing Association, Inc. (Fla.) Nov. 18 filed \$700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). Price - 100% and accrued interest for debentures and \$2 per share for stock. Proceeds-To repay bank loans, for new construction and for working capital. Underwriter-Gulf-Atlantic, Inc., Tampa, Fla.

Superior Uranium Co., Las Vegas, Nev. Sept. 1 (letter of notification) 29,910,000 shares of common stock. Price-At par (one cent per share). Proceeds -For development and exploration costs. Office-Medical Arts Bldg., Las Vegas, Nev. Underwriter-Uranium Brokers, Inc., the same city.

Swedes Uranium Corp., Salt Lake City, Utah Jan. 5 (letter of notification) 2,500,000 shares of common stock (par three cents). Price-10 cents per share. Proceeds-For exploration and development expenses. Office—Newhouse Bldg., Salt Lake City, Utah. Under-writer—Guss & Mednick Co., same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas Sept. 9 (letter of notification) 2,975,000 shares of com-mon stock (par five cents). Price—10 cents per share. Proceeds-For exploration and development of properties. Office - 1406 Life of America Building, Dallas, Underwriter - Western Securities Corp., Salt Texas. Lake City, Utah.

Tacony Uranium Corp., Denver, Colo. Aug. 17 (letter of notification) 1,700,000 shares of com-mon stock. Price—10 cents per share. Proceeds—For exploration and development expenses. Office - 317 Railway Exchange Building, Denver, Colo. Underwriter -E. I. Shelley Co., Denver, Colo.

Temple Mountain Uranium Co. Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). Price — 3 cents per share. Proceeds-For exploration and development expenses. Office-39 Exchange Place, Salt Lake City, Utah. Underwriter-Walter Sondrup, same city.

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\* Tennessee Gas Transmission Co. (4/6) March 11 filed \$25,000,000 of debentures, due April 1, 1975. Price-To be supplied by amendment. Proceeds-To repay outstanding short-term notes and for new construction. Underwriters - Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc., all of New York.

Texas International Sulphur Co. June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 41/2 shares held; and 70,000 shares are for account of certain selling stockholders. Price-To be supplied by amendment. Proceeds-For exploration

and drilling, and payment of bank loans and advances Underwriter-Vickers Brothers, New York, on a "best efforts" basis.

Texboard, Inc., Dallas, Texas Jan. 17 filed \$1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and \$1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. Price—To be supplied by amendment. Proceds—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. Underwriter-Emerson Cook Co., Palm Beach, Fla.

Thunderbird Uranium Co., Reno, Nev. Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). Price - 15 cents per share. Proceeds—For mining activities. Office—206 N. Virginia St., Reno, Neb. Underwriter-Stock, Inc., Salt Lake City.

Thunderbolt Uranium Corp., Salt Lake City, Utah Jan. 31 (letter of notification) 22,000,000 shares of capital stock. Price-At par (one cent per share). Proceeds For mining expenses. Office-2507 South State St., Salt Lake City, Utah. Underwriter-Melvin G. Flegal & Co., same city.

Tip Top Uranium & Oil, Inc., Denver, Colo. Feb. 1 (letter of notification) 30,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—1122 Mile High Center, Denver 2, Colo. Underwriter—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

\* Topp Industries, Inc., Los Angeles, Calif.
March 9 filed 153,500 shares of common stock (par \$1), of which 139,500 shares are to be offered publicly. Price -To be supplied by amendment. Proceeds-For prepayment of rentals; \$46,000 to retire outstanding \$10 par preferred stock; to purchase substantially all of the assets of Standard Electronics Manufacturing Co.; for leasehold improvements: to purchase one-half interest in parking area presently leased from Gira Co.; and for working capital, etc. Underwriter-Dempsey-Tegeler & Co., St. Louis, Mo.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,980,000 shares of common stock. Price-At par (10 cents per share). Pro--For exploration and development costs. Office -358 S. 3rd St. East, Salt Lake City, Utah. Underwriter Western Securities Corp., same city.

Ucolo Uranium Co., Salt Lake City, Utah Sept. 13 (letter of notification) 2,300,000 shares of common stock (par one cent). Price - 10 cents per share. Proceeds—For exploration and development costs. Of-tice—906 Walker Bank Bldg., Salt Lake City, Utah. Underwriter-Western Securities Corp., the same city.

Vintah Uranium, Inc., Salt Lake City, Utah. Oct. 5 (letter of notification) 15,000,000 shares of common stock (per one cent). Price-Two cents per share. For exploration and development costs. Office 424 Judge Bldg. Salt Lake City, Utah. Underwriter-James E. Reed Co., same city.

& Union Carbide & Carbon Corp. March 9 filed \$25,000.000 of Interests or Participations in the Savings Plan for Employees of this company and its subsidiaries, and 50,000 shares of capital stock which may be purchased pursuant to the Plan.

Union Club, Inc., Hollywood, Calif. March 1 filed 30,000 shares of preferred stock (par \$50) and 100,000 shares of common stock (par \$10) to be offered in units of three preferred and 10 common Price-\$400 per unit. Proceeds-For purchase of property, construction of hotel, athletic and health facilities, and working capital. Underwriter-None, but sales will be made through agents.

United Canadian Uranium Corp. Feb. 7 (letter of notification) 1,188,000 shares of common stock (par one cent). Price-25 cents per share. Proceeds—For mining expenses. Office-701 Ernest and Cranmer Building, Denver 2, Colo. Underwriter-Cargoll, Kirchner & Jaquith, Inc., same city.

United Uranium Corp., Denver, Colo. Jan. 26 (letter of notification) 4.133,329 shares of common stock (par one cent), of which 2,133,329 shares are covered by an offer of rescission to 37 shareholders at three cents per share; and 2,000,000 shares are to be publicly offered at 10 cents per share. Proceeds For mining expenses. Underwriter-John L. Donailue, 430 16th Street, Denver 2, Colo.

Universal Finance Corp., Dallas, Texas Feb. 16 (letter of notification) 27,000 shares of 70-cent cumulative preferred stock (no par) and 27,000 shares of common stock (par-15 cents) to be offered in units of one share of each class of stock. Price-\$11 per unit. Proceeds — For working capital. Underwriter — J. F. Perkins & Co., Dallas, Texas.

Universal Petroleum Exploration & Drilling Corp. Oct. 4 (letter of notification) 300,000 shares of common stock. Price - At par (\$1 per share). Proceeds - For cost of Driller Boy (drilling equipment which company rents out), and working capital. Office-c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. Underwriter-Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Uranium Discovery & Development Co., Wallace, Idaho

Nov. 16 (letter of notification) 1,000,000 shares of capital stock. Price-At par (five cents per share). Proceeds-For core drilling program upon two groups of claims. Address-Box 709, Wallace, Idaho. Underwriter -Wallace Brokerage Co., same city.

Utaco Uranium, Inc., Salt Lake City, Utah Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). Price-Five cents per share. Proceeds-For exploration and development costs. Oftice-420 Felt Building, Salt Lake City, Utah. Under-writer-Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co. Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). Price-Six cents per share. Proceeds-For exploration and development expenses. Office 430 Judge Bldg., Salt Lake City, Utah. Underwriter-Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev. Aug. 20 (letter of notification) 10,000,000 shares of capttal stock (par 1 cent). Price - Three cents per share. Proceeds-For exploration and development expenses Office-1818 Beverly Way, Las Vegas, Nev. Underwriter -First Western Securities, same city.

Vada Uranium Corp., Ely, Nev. Jan. 17 (letter of notification) 2,000,000 shares of common stock (par one cent). Price — 15 cents per share. Proceeds—For mining expenses. Office—280 Aultman St., Ely. Nev. Underwriter-Bristol Securities Co., Fall

 Van Norman Co., Springfield, Mass. (3/22) Feb. 28 filed 124,667 shares of common stock (par \$2.50) and 10-year warrants to purchase 124,667 additional shares of common stock, to be offered for subscription by common stockholders in units of one share of common stock and one warrant for the purchase of one additional share for each three shares held on March 21; rights to expire on April 7. Price-To be supplied by amendment. Proceeds - To reduce bank loan and note held by insurance company, and for working capital. Underwriter-Paine, Webber, Jackson & Curtis, Boston and New York.

\* Vandersee Corp.

March 10 (letter of notification) 200,000 shares of Class A stack (par \$1). Price-\$1.25 per share. Proceeds -For general corporate purposes. Office-1416 Chestnut Ave., Hillside, N. J. Underwriter-None.

Vulcan-Uranium Mines, Inc., Wallace, Idaho Oct. 15 (letter of notification) 1,500,000 shares of common stock. Price-At par (five cents per share). Proceeds—For expenses incident to mining operations. Address—P. O. Box 289, Wallace, Idaho. Underwriter—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

Washington Gas Light Co. Feb. 17 filed 130,041 shares of common stock (no par) being offered for subscription by common stockholders of record March 7, at the rate of one new share for each eight shares held; rights to expire on March 23. Price-\$38 per share. Proceeds—For additions and improvements to property. Underwriters - The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Webster Uranium Mines, Ltd., Toronto, Canada Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). Price-\$1 per share. Proceeds For general corporate purposes. Underwriter-James Anthony Securities Corp., New York. Offering-Expected in two or three weeks.

Wenga Capper Mines, Inc., N. Y. Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). Price-30 cents per share. Proceeds-For general corporate purposes. Underwriter-Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex. Nov. 20, 1952 filed \$29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one \$50 debenture and one share of stock. Price-To be supplied by amendment. Proceeds-From sale of units and 1,125,000 additional shares of common stock and private sales of \$55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. Underwriters - White. Weld & Co. and Union Securities Corp., both of New York Offering-Postponed indefinitely

West Coast Pipe Line Co., Dallas, Tex. Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). Price-To be supplied by amendment. Proceeds. Together with other funds, to be used to build pipeline. Underwriters-White, Weld & Co. and Union Securities Corp., both of New York. Offering-Postponed indefinitely.

\* West Texas Utilities Co. (4/5) March 9 filed \$7,500,000 of first mortgage bonds, series D, due April 1, 1985. Proceeds-To be used to retire bank loans and for new construction. Underwriter - To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill, Lynch, Pierce, Fen-

ner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuin, Loeb & Co. and Lehman Brothers (joint-

ly); Kidder, Peabody & Co.; The First Boston Corp. Bids -Expected to be received on April 5.

• Western Auto Supply Co. (Mo.) (3/22-23) March 2 filed 50,000 shares of cumulative preferred stock (par \$100). Price—To be supplied by amendment. Pro. ceeds—To finance purchase of certain properties to be acquired from Gamble-Skogmo, Inc. Underwriter-Mer. rill Lynch, Pierce, Fenner & Beane, New York.

Western Hills Inn, Fort Worth, Texas Jan. 31 filed 200,000 shares of capital stock (no par), Price—\$5 per share. Proceeds—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. Underwriter-Schwanz & Co., Inc., Aurora, Ill.

White Canyon Mining Co. (3/23-4/1)

Feb. 4 filed 3,000,000 shares of common stock (par 3314 cents). Price-\$1 per share. Proceeds-To repay loans and advances; for capital acquisitions; and for expenditures and working capital. Office - Dove Creek, Colo, Underwriters-Joseph McManus & Co., New York; and A. P. Kibbe & Co., Salt Lake City, Utah.

White River Propane Gas Co., Inc. (4/11-12) March 11 filed \$400,000 of 6% convertible debentures, series A, due April 1, 1965, and 50,000 shares of common stock (par \$1). Price-100% and accrued interest for debentures, and \$6 per share for stock. Proceeds-To repay bank loans, etc., and for equipment, expansion and working capital. Office-Batesville, Ark. Underwriter-Eisele & King, Libaire, Stout & Co., New York.

Winfield Mining Co., Moab, Utah. Jan. 20 (letter of notification) 500,000 shares of common stock (par five cents). Price—20 cents per share, Proceeds—For mining expenses. Office—M. L. C. Bldg, P. O. Box 648, Moab, Utah. Underwriter—Security Ura-nium Service, K. O. V. O. Bldg., Provo, Utah.

Woman's Income Fund, Inc., Baltimore, Md. Jan. 28 filed 500,000 shares of capital stock. Price-At market. Proceeds—For investment. Underwriter—Income Managers Inc., New York, which is under the direction of its President, Pierre A. DuVal, of DuVal's Consensus Inc.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). Price-\$1 per share. Proceeds-For equipment, drilling expenses and working capital. Office 42 Broadway, New York, N. Y. Underwriter-E. M. North Co., Inc., same address.

World Uranium Mining Corp. July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). Price - Three cents pet share. Proceeds-For exploration and development expenses. Office-323 Newhouse bldg., Salt Lake City, Utah. Underwriter-P. G. Christopulos & Co., same city.

Wynn Pharmacal Corp. Dec. 23 (letter of notification) 85,000 shares of class B common stock (par 10 cents). Price—\$2.50 per share. Proceeds - For production, development and sale of company's products, working capital and other corporate purposes. Office-5119 West Stiles St., Philadelphia, Pa. Underwriter-Charles A. Taggart & Co., same city.

Wyoming Minerals Corp., Thermopolis, Wyo. Feb. 16 (letter of notification) 250,000 shares of common stock. Price—\$1 per share. Proceeds—To pay current bills and purchase equipment and supplies. Underwriter -H. P. Jesperson, 2111 Nicholas St., Omaha, Neb.

Wyoming Uranium Corp., Salt Lake City, Utah Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). Price—Three cents per share.

Proceeds—For exploration and development expenses. Underwriter-James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.

July 12 (letter of notification) 300,000 shares of common stock (par one cent). Price-\$1 per share. Proceeds-For mining operations. Underwriter-Sheehan & Co.

# Prospective Offerings

Alabama Power Co. (5/24)

Dec. 30 it was announced company plans to issue and due 1985. Proceeds sell \$15,000,000 first mortgage bon -To repay bank loans and for construction program. Underwriter-To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). Bids Expected to be received up to 11 a.m. (EST) 00 May 24. Registration-Scheduled for April 27.

Alleghany Corp. Feb. 10 company offered 1,367,440 shares of 6% convertible preferred stock (par \$10) in exchange for the outstanding 136,744 shares of 51/2% cumulative preferred stock, series A (par \$100) on the basis of ten shares of 6% stock for each 5 1/2 % preferred share held. Dealer-Manager-Kidder, Peabody & Co., New York.

American Telephone & Telegraph Co. Feb. 16 directors voted to recommend to stockholder that they authorize a new issue of not to exceed \$650,000. 000 convertible debentures at their annual meeting to be held on April 20. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably so the basi of \$100 of debentures for each eight shares of stock held). Underwriter-None.

 Augusta Newspapers, Inc., Augusta, Ga. (5/2) Feb. 28 it was reported company may offer and sell about 55,000 shares of common stock and 35,000 shares of preferred stock. Price—About \$11 per common share and \$10 preferred share. Underwriter-Johnson, Lane, Baltimore & Ohio RR.

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Feb. 10 company received ICC exemption from competitive bidding of up to \$345,000,000 of new securities. Preceeds—For refunding. Underwriter—Feb. 16, Howard E. Simpson, President, announced Glore, Forgan & Co., Halsey, Stuart & Co. Inc. and Alex. Brown & Sons have been engaged to continue studies and formulate plans looking towards a simplification of the railroad's debt structure and a reduction in over-all interest costs. Bridgeport Hydraulic Co.

March 7 it was reported company plans to offer 22,688 additional shares of common stock (no par) to its stockholders on a 1-for-8 basis. Underwriter—Smith, Ramsay & Co., Inc., Bridgeport, Conn. Offering — Expected in

Central Maine Power Co. Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock, par \$10 (probably to stockholders). Proceeds—For construction program. Underwriter—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Pea-Chesapeake & Ohio Ry.

Sept. 29 it was reported company plans to issue and sell \$40,000,000 of new bonds. Proceeds-To refund its outstanding \$37,851,000 3% % bonds and \$2,441,000 4% bonds. Underwriter-May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Chicago Corp.

Feb. 14 it was announced company plans to offer to its common stockholders the right to subscribe for one new share of common stock for each five shares held. Stockholders will vote April 29 on increasing authorized common stock from 4,000,000 to 5,000,000 shares. Price-To be determined shortly before offering is made. Preceeds-For new construction and general corporate purposes. Underwriter - May be Glore, Forgan & Co.,

Chicago, Rock Island & Pacific RR. (3/24) Jan. 11, J. D. Farrington, President, announced that the directors have authorized the issue and sale of not more than \$65,000,000 of 40-year income debentures. Proceeds To redeem the outstanding preferred stock (about 620,-000 shares). Underwriters — The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and the Union Securities Corp. Exemption from the competitive bidding rule was received on Feb. 17. If all holders of preferred stock convert their shares into common stock on a share-for-share basis there will be no debenture

Citizens & Southern National Bank, Savannah, Ga.

March 8 it was reported stockholders will vote April 12 on approving a proposed offering for a period of 30 days of 200,000 shares of capital stock (par \$10) to stockholders on the basis of two new shares for each seven shares held. Price-\$30 per share. Proceeds-To increase capital and surplus. Collins Radio Co.

Feb. 21 it was reported company plans to issue and sell about 100,000 shares of convertible preferred stock (par \$100). Underwriters—Kidder, Peabody & Co. and White, Weld & Co., both of New York, Colonial Trust Co., New York

Feb. 24 it was announced stockholders of record Feb. 25 would be offered the right to subscribe on or before March 17 for 20,000 additional shares of capital stock (par \$25) at the rate of one new share for each two shares held. Price-\$50 per share. Proceeds-To increase capital and surplus. Commonwealth Edison Co.

Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing.

# EXPERIENCE

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## Proceeds-For will cost about 10715 of Current Consolidate SS Activity

both of Los Ar-General Fin. Feb. 16 it was additional finan subordinated de For be effected in mind the direc URIT charter to cres without par vason & Curtis, E

Georgia Por Dec. 30 it was sell \$12,000,000 ceeds-To retir gram. Underwe bidding. Proba The First Bosto ties Corp. and Morgan Stanley and Salomon P. & Co. Inc.; Blyt jointly). Bids-(EST) on May

Gerber Pro March 7 it w offering to stoc of common sto share for each cent stock splishares owned a later. Proceeds operations. Me on increasing a ent 2,000,000 st A. G. Becker & actio ed to be made t

Giddings & Feb. 15, the increase the at NEI 400,000 shares shares, in order be available for working capital in other compa handled by Ho

Given Manu March 3 it was financing in er Mfg. Co., Cleve McDowell, Chic

The following statistical tabulations cover production and other figures for the (1295) 39 latest week or month available. Dates shown in first column are either for the

	tete:SS AC	TIVITY				A OF F	month	available. Dates al	and and	other	figures	for the
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Doman H			A 100	8,909	9,000 12,53	39,000 1	2,851,000 10,536,000 8,195,000	Shipmonth of February	produced		7	315,680
Feb. 17 Dona holders voted	bls.) at	Mar. Mar. Mar. Mar.	A some	.000 18,791	1.000 . 22.20	31.000 17	77.563.000	Month of January products (net	tons) 8,		8,837,736	7,083,237
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First Wes March 7 it w	te distriction -	ENGINEERING		633,	010	0,735 25,133	590,576 585,610	Stocks at Cons of 2,000 pounder		78.969 99.964	*86.076	68,020
20 have heer	0 10	Mar. 1			\$.000 \$298,933	2 000 00		BUILDING CON	1)	96 150	93,202 °117,151	66,738 199,994
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ranamerica (	( ( ( ( )	ZMar.	5 7,740,00 5 399,00	0,000,0	.000 8 700	0.000		Additions and alterations		1,986 1,034 950	2, <b>0</b> 61 1,111	\$2,346 1,637 758
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c. 31 it wa	00 kwh.)				e93	86	85	Commercial		547 184	21 541	474
ockholders a	IAL AND INDUSTRI			9,727,0	9,922,0	.000	8,519,000	Stores, restaurants and garages	lings_	197 83	185 188 85	176 157
riters: Kidd	PRICES:	Mar. 10		57 2	222	238		Educati	100 to 100 to 100 to	114 166 53	103 168	73 84
rce, Fenner		Mar 8	8 4.797		976		229	Hospital and institutional		39 18	55 42	141 41 38
31 it men	M. J. OUOTATIONS	S land S	8 97 5	39 \$56	.59 \$56		4.634c \$56.59	Public utility		29 27	18 28 25	16 26
ters — To	k) at	Mar. 9	32.700			.83	\$23.50	Tolonk		97 294	93 302	20 106
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ntiy); Gior	ES DAILY AVERAGES:	2 Nov. 15	11.5000	11.500	UC 14 90	00c 1	12.750c 12.550c 9.250c	Tredevicial building		22 312	726 23 330	709 34
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shares will		Man. 15	104 31	1 104.3	109.9	.97	112.55	Miscellaneous public service entered		110	82 145	69 125
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eneral Co.	ids	44	2.66	110.3	110.8	99	110.70 112.19 CA	U. S. CORRES PUBLICLY REPORTED	0.00	10	10	45 10
Creace the	Company of the Compan	12 18 10	3.03	3.21	3.1	19	2.49	U. S. CORPORATIONS—U. S. DEPT COMMERCE — Month of January (1971)				
e new short		Mar 15	3.14	3.13	3 2.99	99 11	3.14 2.86 3.03	OAL OUTPUT (BUREAU OF MINES)	\$721	,000 \$1,94	1,000	\$689,500
rols and In-		Mar. 15	3.49 3.31 3.17	3.49 3.32	3.47	17	3.15 3.51 I	of February: Bituminous coal lignite (net tons) Pennsylvania anthracite (net tons)	onth			
enseller &	RD ASSOCIATION	Mar. 15	3.17 3.15 395.0	3.17 3.15	7 3.15 3.12	5	3.13 CO	KF (BUREAU	2,441,	.000 36,090 .000 *2,333		932,000
			406.459	390.5	407.8	O .		OKE (BUREAU OF MINES)—Month of J Production (net tons) Oven coke (net tons)	lan.:	2,000	,000 2,3	354,000
neral Fin- 16 it was	at end of period	Mar 5	266,804 96	229,112 259,007	259.402	304	04,917 0	Oven coke (net tons)  Beehive coke (net tons)  Oven coke stock at end of month (net to	5,798, 5,738,	399 5,569,	,683 5.6	798,261 634,080
ional finar	00 PRICE IND	EX-	523,368	387,743	0.4	4 223	88 EDI	ISON FLECTRA	ns) 2,747,6	200 40	.881	164,181 151,009
ACCRECATE THE CA	II SPECTAL FORM	TA UP INDEE.	107.45	107.08	106.54		1	Month of B sales to ultimate consumer	8			
O- 4- 0	ealers (customers purch a	MESSION:					00.00	December ultimate customers-month	37,092,5	35,392,4	450 33,03	39,679
Curtie F	fealers (out)	Peb 26	1,214,148 \$59,853,652	1.680.153	1.675,172		EMP	PLOVMENT AND		00 \$620,3 <b>0</b> 6,0 59 51,114,6	000 4500 00	05.000
orgia Pou	sales total sales	Pel no	1.055.167	\$88.042,721	\$90,292,919	\$29,757,		PLOYMENT AND PAYROLLS—U. S. DEF OF LABOR—REVISED SERIES—Month			20,00	9,065
12 000 000		Feb. 26	5,289	1,459,995 3,967	1,433,599 10,962	656,	5.574 I	Durable goods (production workers)		0 110 000 0		
-To retir	otal sales	Frb 36	849,958,354	1.451,028 \$70,281,214	1,422.637 \$69,607,364	649,1 \$27,259,4	133 Em	nployment Indexes (1947-49 Avge 100)	7,200,00 5,328,00	0 27 265 0	00 7,616	6.000
. Proba:	dealers	Feb 26	259,590	402,070	356.670	214,4				0,121,00	5,386	6,000
orn, and o	OCK SALES ON	Feb. 26	259,590 436,680	402.070	356,670	214,4	450	turing number of employees in manufacturing	141.			105.1
Stanta )	UND-LOT STOCK TRANS MEMBERS (SHARES):	ACTIONS	400,000	594,220	615,250	219,6	670 D	hirable and acturing		0 016 005 00		
nc : Blod							GAS A	APPLIANCE MANUAL APPLIA	- 9.135,000	9.201.00	9,591,	.000
). Bids-		FFD 10 11	753,120 17.615,050	645.250 17.468.910	495,640	411,27	Gas	ION-Month of January:	-	0,000,00	6,843,	
ber Pro	LOT DEALERS AND SIEC	OF MEM.	SE TRANSPORT A SECUL	18,114,160	14.173,920 14,669,560	8,722,36 9,133,63	Cras	operated a supplients (units)	46,800 5,200	33,800		.000
to stoe	reg	glstered—					Gas	water heater shipments (units)	3,200 155,100	7,700 3,900	8,8	800 900
T10111 WELL		The second of th	1,922,740 417,030	1,862,810 355,610	1,930,550	876,556	MOOD	Y'S WEIGHTED AVERAGE VIELD OF	198,300	143,200 170,700	1370	000
ale on it	ted on the floor-	Feb. 19 1	1.540.190 1.957.220	1,645,230 2,000,840	245,280 1,572,450	194,920 737,790	20 Railr	roads (25)				
wned a		Feb. 10	294.500	294.470	1,817,730	932,710	Bank	Ca (15) Amer. Tel. & Tel.) (24)	4.79	4.10	o.	.29
ns. Me	ted off the floor-	Feb. 15	29,100 355,700 384,800	15,000 308,650	463,410 29,900 436,020	227,820 18,700		rance (10) age (200)		4.56 4.14	5.4	.92 .09
asing 2		Feb. 10	384,800 547,580	323,650	465,920	233,320 252,020	MOTOR	E VEHICLE ELE	4.21	2.58 4.22	*.	.08
cker & actio	ons for account of member	Feb 10 Feb 19	114.430 932.066	643.323 112,040	557,455 61,370	342,375						34
made (	account of member	rs- reo 10 1.0	046,496	1.039,232 1.151,272	702,799 764,169	41,390 384,070 425,460	0 Nun	number of vehicles	738,549	*752,024	200 0	
2 Prop.	the second secon	160 73 6	250,350	2,800,603 482,650	2,951,415	425,460 1.446.745	RAILRO	AD FARMING	676,060 62,489	*659,500 *92,524	443,27	79
the at NEW	V SERIES — U. S. DEI	Pro 19 3.1	827.956	2.993,112	336.550 2,711,269	255.010 1.355.180		DAD EARNINGS CLASS I ROADS (AS- CLATION OF AMERICAN RRS.)—Month			86,56	
order				1,410,102	3,047,819	1,610,190			6750 741 247 4			
able fo			110.0	1101		/	Operat Taxes	operating expenses ting ratio	590,002,298	798,023,255 628,344,458	\$749,825,835 626,806,085	5
	an farm and foods	Mar. 3	92.6	110.1 92.8 102.7	110.3 93.4	110.6 99.0	Net rai	illway operating income before charges	78.38	70 74	\$3.59 \$71,488,503	9 3
cabita-		Mar. 8	81.3	83.7	103.2 84.9		UNITED	STATES GROSS DEBT DIRECT AND	52,000,000	119,000,000	32,545,876 20,000,000	6
comparer th	doz.ouj barrele				115.5	214 4						
comparer th	doz.ouj barrele	eith crude runs. Bats	d on new an	nual capacity	of 195 999 910	114.4						
compa er th	es 662,000 barrels of foreign. 1, 1954 basis of 124, eported since introduction	eith crude runs. Bas 330,410 tons. of Monthly Investmen	ed on new at	unual capacity	of 125,828,31	0 tons as	General	debt sted annual rate	5278,208,902 5,410,512	278,462,873 <b>8</b> 4,728,388	274,858,550	

# Securities Now in Registration

Allied Uranium Mines, Inc., Salt Lake City, Utah Feb. 17 (letter of notification) 299,700 shares of common stock (par one cent). Price - \$1 per share. Proceeds-For mining expenses. Office—701 Newhouse Bldg., Salt Lake City, Utah. Underwriter—H. J. Cooney & Co., New York.

Amcrete Corp., Briarcliff, N. Y.

Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. Price — At par (\$10 per share). Proceeds—For working capital. Business—Distributor of prefabricated concrete wall panels and butresses made of steel reinforced dense concrete, etc. Underwriter-None.

\* American Asbestos Co., Ltd.

Feb. 17 (Regulation "D") 600,000 shares of common stock (par \$1). Price — 50 cents per share. Proceeds—For general corporate purposes. Underwriter—Maine Investment Co., Ltd.

American Automobile Insurance Co.

Feb. 16 filed 250,000 shares of capital stock (par \$2) being offered for subscription by stockholders at the rate of one new share for each six shares held March 8; rights to expire March 23. Unsubscribed stock, up to 15,000 shares, will be offered to employees. Price - \$30 per share. Proceeds-To provide company and its whollyowned subsidiaries, American Automobile Fire Insurance Co. and Associated Indemnity Corp., with additional capital funds. Underwriter-Kidder, Peabody & Co., New York.

American International Minerals Corp.

Feb. 25 filed 460,000 shares of common stock (par 10¢). Price-\$1 per share. Proceeds-For exploration and development of mining properties of subsidiary and for working capital, etc. Office—Dover, Del. Underwriter— Vickers Bros., New York. Offering-Expected in about five weeks.

American Locomotive Co. (3/28-4/1)

March 11 filed \$25,000,000 sinking fund debentures due March 1, 1980. Price-To be supplied by amendment. Proceeds-Together with other funds, to redeem \$18,-700,000 of 7% cumulative preferred stock (par \$100) at \$115 per share and prepay \$10,000,000 loan from Metro-politan Life Insurance Co. Underwriter—Smith, Barney & Co., New York.

Arctic Uranium Mines Ltd.

Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). Price-20 cents per share. Proceeds —For general corporate purposes. Office — 411 Childs Bldg., Winnipeg, Manitoba, Canada. Underwriter—De Caetano Securities Corp., New York.

Arkansas-Missouri Power Co.

March 3 filed 36,868 shares of common stock (par \$5) to be offered for subscription by common stockholders of record March 14 at the rate of one new share for each 12½ shares held (with an oversubscription privilege). Price-To be supplied by amendment.. Proceeds-To repay bank loans and for construction program. Underwriter-None.

Arkansas Power & Light Co. (3/30)

March 3 filed \$18,000,000 of first mortgage bonds due 1985. Proceeds—To redeem a like amount of 41/4 % bonds due 1983. Underwriter - To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. and Central Republic Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp. and Union Securities (jointly); White, Weld & Co.; The First Boston Corp. Bids—To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.

Arkansas Power & Light Co. (3/30)

March 3 filed 93,500 shares of cumulative preferred stock (par \$100) to be offered in exchange for outstanding 47,609 shares of \$7 preferred stock and 45,891 shares of \$6 preferred stock on a share-for-share basis during a period from about April 1 to April 19. Price-To be named later (expected to be \$105 per share). Proceeds-Together with other funds, to redeem 47,609 shares of \$7 preferred stock and 45,891 shares of \$6 preferred stock. Underwriter-To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Lehman Brothers; White, Weld & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly). Bids—To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.



Atlantic Steel Co., Atlanta, Ga. (3/22) Feb. 25 filed 200,000 shares of common stock (par \$5) to be offered first to stockholders of record Feb. 25, 1955, on the basis of one new share for each share of common and/or preferred stock held. Price-\$23.50 per share.

Proceeds-To repay bank loans, for property additions and working capital. Underwriter-Courts & Co., At-

Automatic Remote Systems, Inc.

March 3 filed 540,000 shares of common stock (par 50 cents). Price—\$3.75 per share. Proceeds—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. Office-Baltimore, Md. Underwriter-Mitchell Securities, Inc., same

 Beneficial Standard Life Insur. Co. (3/23-24) Feb. 28 filed 480,000 shares of common stock (par \$1). Price—To be supplied by amendment. Proceeds—To selling stockholders. Office—Los Angeles, Calif. Underwriter-Lehman Brothers, New York.

Best American Life Insurance Co., Mesa, Ariz. Feb. 11 filed 800,000 shares of class A common stock (par \$1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par \$1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. Proceeds-To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states. Underwriter-None. Richard G. Johnson of Mesa, Ariz., is President.

Big Bend Uranium Co., Salt Lake City, Utah Aug. 6 (letter of notification) 7,000,000 shares of common stock. Price-At par (three cents per share). Proceeds -For mining expenses. Office-510 Newhouse Building Salt Lake City, Utah. Underwriter - Call-Smoot Co. Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). Price -25 cents per share. Proceeds -For mining operations. Address-Box 77, Provo, Utah Underwriter-Weber Investment Co., 242 N. University Ave., Provo, Utah.

Bikini Uranium Corp., Denver, Colo.

Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). Price-19 cents per share Proceeds-For exploration and development costs. Office — 705 First National Bank Bldg., Denver, Colo Underwriter—I. J. Schenin Co., New York.

Bingham-Herbrand Corp., Fremont, Ohio Feb. 2 (letter of notification) 3,000 shares of common stock (par \$1). Price—At the market (estimated at \$10 per share). Proceeds—To selling stockholder. Underwriter-Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

Bishop Oil Co., San Francisco, Calif.

Feb. 21 filed 153,236 shares of common stock (par \$2) to be offered for subscription by stockholders of record March 14, 1955, on the basis of two new shares for each five shares held; rights to expire on March 30. Price-To be filed by amendment. Proceeds - To retire bank loan and to advance funds to Canadian Bishop Oil, Ltd., wholly-owned subsidiary. Underwriter-Hooker & Fay, San Francisco, Calif.

Blue Canyon Uranium, Inc.

Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share Proceeds—For mining activities. Offices — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. Underwriter - James E Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev. Oct. 15 (letter of notification) 1,000,000 shares of common stock. Price-25 cents per share. Proceeds-For exploration and development costs. Office-402 Henderson Bank Bldg., Elko, Nev. Underwriter-Security Uranium Service, Inc., Moab and Provo, Utah.

\* California-Pacific Utilities Co.

March 14 filed 50,000 shares of 5% cumulative convertible preferred stock (par \$20). Price-To be supplied by amendment. Proceeds - To repay bank loans and for new construction. Underwriter - First California Co., San Francisco, Calif.

California Tuna Fleet, Inc. Feb. 15 filed (amendment) \$500,000 of 6% sinking fund debentures due 1967 and 50,000 shares of common stock (par \$1) to be offered in units of a \$1,000 debenture and 100 shares of stock. Price-Expected at \$1,100 per unit. Proceeds-For expansion and working capital. Office-San Diego, Calif. Underwriter—Barrett Herrick & Co., Inc., New York. Offering—May be effected in March.

Carnotite Development Corp. Oct. 26 (letter of notification) 16,000,000 shares of common stock. Price-At par (one cent per share). Proceeds -For exploration and development expenses. Office-317 Main St., Grand Junction, Colo. Underwriter-Western Securities Corp., Salt Lake City, Utah.

\* Caterpillar Tractor Co.

March 10 filed 62,930.5808 shares of common stock (par \$10), representing the number of shares subject to unexercised options outstanding Feb. 28, 1955, and options for the purchase of such shares.

\* INDICATES ADDITIONS SINCE PREVIOUS ISSUE • ITEMS REVISED

\* Central Maine Power Co.

March 16 filed \$12,000,000 of first and general mortgage bonds, series V, due 1985. Proceeds-To repay bank loans and for construction program. Underwriter-To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and W. E. Hutton & Co. (jointly); Salomon Bros. & Hutzler; Kuhn, Loeb & Co.; Union Securities Corp. and A. C. Allyn & Co. Inc. (jointly).

\* Chemical Fund, Inc.

March 14 filed 300,000 additional shares of capital stock (par \$1). Price-At market. Proceeds-For investment.

• Chesapeake & Colorado Uranium Corp. (3/28) Dec. 7 filed 750,000 shares of common stock (par five cents). Price—\$1 per share. Proceeds—For exploration and development program. Office — Washington, D. C. Underwriter-Peter Morgan & Co., New York.

Circle Air Industries, Inc. Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). Price—\$1 per share. Preceeds — For machinery and equipment and working capital. Name Change—Company was formerly known as Paley Manufacturing Corp. Office—244 Herkimer Street, Brooklyn, N. Y. Underwriter—Allen E. Beers Co., Philadelphia, Pa.

\* Cities Service Co.

March 9 filed \$6,531,250 participation in the Employees Thrift Plan, together with 125,000 shares of common stock (par \$10) which may be purchased pursuant to the provisions of the plan.

Colorado Plateau Uranium Co.

Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). Price—15 cents per share. Proceeds
—For mining activities. Office — 824 Equitable Bldg.,
Denver 2, Colo. Underwriter—John L. Donahue, 430 16th St., Denver, Colo.

\* Columbia Pictures Corp.

March 8 (letter of notification) 888 shares of common stock (par \$5). Price-At market (estimated at \$35 per share). Proceeds - To common stockholders in lieu of fractional shares in connection with 5% stock dividend payable March 31 to stockholders of record Feb. 9, 1955. Underwriter-Hallgarten & Co., New York.

 Concord Supplier & Equipment Corp. (3/21) Feb. 25 filed 299,700 shares of common stock (par 19 cents). Price-\$1 per share. Proceeds-For general corporate purposes. Underwriter-Franklin, Meyer & Barnett, New York.

Consolidated Credit Corp., Charlotte, N. C. Oct. 25 (letter of notification) \$100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year war-rants to purchase 20 shares of common stock to be sold in units of a \$1,000 note and one warrant. Price-\$1,000 per unit (each warrant is exercisable at \$10 per share.) Proceeds — To repay bank loan. Office — 2211/2 West Trade St., Charlotte, N. C. Underwriter—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc. April 7, 1954, filed \$50,000,000 first and refunding mortgage bonds, series K, due May 1, 1984. Proceeds—To be applied towards cost of redeeming \$27,982,000 New York Steam Corp. first mortgage bonds and \$25,000,000 Westchester Lighting Co. general mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp. Offering—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Fenimore Iron Mines Ltd. Jan. 24 filed 204,586 shares of common stock (par \$7), to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. Price—\$2.20 per share. Proceeds -From sale of this stock, plus \$440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and \$175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. Office—Toronto, Canada. Underwriter—None

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada

Jan. 31 filed 3,000,000 shares of common stock (no par) Price—To be supplied by amendment. Proceeds—For exploration and development of properties. Underwrite -Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States

Contact Uranium, Mines, Inc., N. Y. Dec. 7 (letter of notification) 500,000 shares of common stock (par one cent). Price—10 cents per share Proceeds—For mining expenses. Office—100 West 42nd St., New York. Underwriter-Justin Steppler, Inc., New

Continental Electric Equipment Co. Jan. 28 (letter of notification) 8,645 shares of common stock (no par) to be offered for subscription by stock holders of record March 1, 1955 on the basis of one new share for each five shares held; rights to expire on Apri 15. Price — \$18.75 per share. Proceeds — For working capital. Office — 1 Green Hills Place, Cincinnati, O Underwriter-None.

Continental Loan Co., Dallas, Tex. Dec. 22 (letter of notification) \$150,000 of 4% 10-year debentures and 42,000 shares of common stock (par 1

cents) to be offered in units of \$1,000 of debentures and 200 shares of stock; remaining 12,000 shares to be purchased by underwriter. Price—\$1,400 per unit; and \$2 per common share. Proceeds—To buy common stock of Budget and Mutual and for working capital. Office— 815 Fidelity Union Life Bldg., Dallas, Tex. Underwriter Securities Management Corp., same address

★ Corning Glass Works, Corning, N. Y. (3/29)
March 10 filed 464,700 shares of common stock (par \$5). Price—To be supplied by amendment. Proceeds—To 26 selling stockholders. Underwriters—Lazard Freres & Co. and Harriman Ripley & Co. Inc., both of New York.

Cuba (Republic of) Jan. 7 filed \$2,500,000 of Veterans, Courts and Public Works 4% bonds due 1983. Price—To be supplied by amendment. Proceeds—To Romenpower Electra Construction Co.; which received the bonds in payment for work preformed for the Republic or one of more of its agencies. Underwriters-To be named by amendment.

Desert Queen Uranium Co., Salt Lake City, Utah Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). Price—\$1 per share. Proceeds—for mining operations. Office—506 Judge Building, Salt Lake City, Utah. Underwriter — Selected Securities Ltd., Los Vegas, Nev.

Oct. 18 (letter of notification) 2,000,000 shares of common stock Price—At par (15 cents per share). Proceeds
—For exploration and development expenses. Office— 524 Atlas Bldg., Salt Lake City, Utah. Underwriter— Van Blerkom & Co., same city.

Diamond Uranium Corp., Moab, Utah Jan. 20 (letter of notification) 3,500,000 shares of common stock (par one cent). Price-Five cents per share.

White Canyon Mining Co ....

Corning Glass Works ....

\$3,150,000

Pacific Northwest Pipeline Corp .... Notes & Com.

White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp.) \$17,220,000 debentures and 287,000 shares of stock

Proceeds—For mining expenses. Office—M. I. C. Bldg., Moab, Utah. Underwriter—Security Uranium Service, Inc., K. O. V. O. Bldg., P. O. Box 77, Provo, Utah.

East Tennessee Water Corp. Dec. 20 (letter of notification) \$160,000 of first mortgage 6% bonds dated Dec. 1, 1954. Price — At par (in denominations of \$1,000 each). Proceeds—For purchase of real estate, capital improvements and contingencies. Office-306 E. Main St., Johnson City, Tenn. Underwriter -D. T. McKee Investment Co., Box 904, Bristol, Va.

East Texas Loan & Investment Co. Jan. 20 (letter of notification) 25,000 shares of common stock (no par). Price — \$10 per share. Proceeds—For working capital. Office—203 East Cotton St., Longview, Tex. Underwriter-D. G. Carter Investment Co., same

ElectroData Corp., Pasadena, Calif. (3/31) March 7 filed 210,000 shares of capital stock (par \$1) to be offered for subscription by stockholders at the rate of three new shares for each 10 shares held on March 31; with subscription rights to expire on April 18. Price -To be supplied by amendment. Proceeds - For construction of new plant and office building, new equipment and working capital. Underwriter-Blyth & Co., Inc., San Francisco and New York.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. Price—At
par (\$1 per share). Proceeds—For machinery and building and working capital. Office — 407 Liberty Trust
Bldg., Philadelphia, Pa. Underwriter—None.

Electronics Investment Corp., San Diego, Calif. Dec. 14 filed 2,000,000 shares of capital stock (par \$1). Price-\$5 per share. Proceeds-For investment.

Eleven Moore Street Corp. (3/18)

March 3 (letter of notification) 28,143 shares of capital stock (par \$1) to be offered for subscription by stockholders of record March 3, 1955 on the basis of three new shares for each share held; rights to expire on April 8, 1955. Price—\$6 per share. Proceeds—Together with funds from mortgage loan of \$350,000 to redeem \$581,700 outstanding income mortgage loan certificates.

Office—141 Broadway, New York 6, N. Y. Underwriter

None, but Breswick & Co., New York, will buy unsubscribed shares.

El Morocco Enterprises, Inc., Las Vegas, Nev. Dec. 29 filed \$6,000,000 of 8% sinking fund debenture bonds due July 1, 1967, and 1,950,000 shares of common stock (par 10 cents), each purchaser of bonds to have the right to purchase common stock at par at rate of 10 shares for each \$100 of bonds up to \$9,900 of debenture bonds purchased, with amount of shares increasing in proportion to amount of bonds purchased. Price-100% of principal amount for bonds. Proceeds—To pay balance of purchase price of Las Vegas Hotel, Inc. capital stock, construction of main hotel building, pavilions, swimming pool, furnishings, etc. Underwriter—Company may sell debenture bonds and common stock to dealers through brokers.

Eula Belle Uranium, Inc.

Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). Price—Five cents per share.

Proceeds—For exploration and development expenses.

Office—506 First Security Bank Bldg., Salt Lake City,

Utah. Underwriter—Utah Securities Co., same city.

Farm & Home Loan & Discount Co. Nov. 29 filed 320,000 shares of class A common stock (par 25 cents), 214,285 shares of class B common stoc. (par 35 cents) and 300,000 shares of class C common stock (par 50 cents). Price - At par. Proceeds - For working capital. Office-Phoenix, Ariz. Underwriter-

Financial Credit Corp., New York Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. Price-At par (\$2 per share). Preceeds — For working caiptal. Underwriter — E. J. Fountain & Co., Inc., New York.

• Flo-Mix Fertilizers Corp., Houma, La. (3/21) Feb. 14 filed 585,000 shares of common stock (par 10 cents). Price—\$5 per share. Proceeds—To buy equipment and for working capital. Underwriter -Investment Co., Delta Bldg., New Orleans, La.

★ Florida Power & Light Co. (3/28-29) March 11 filed 305,000 shares of common stock (no par). Price—To be supplied by amendment. Proceeds—For construction program. Underwriters — Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co., both of New York.

Florida Telephone Corp. (4/1) March 4 filed 77,350 shares of common stock (par \$10) to be offered for subscription by common stockholders of record April 1, 1955, and by certain officers and eraployees. Price—\$13 per share. Proceeds—For construction program. Office—Ocala, Fla. Underwriter—None.

Fort Vancouver Plywood Co., Vancouver, Wash. Feb. 21 filed 397 shares of common stock. Price—At par (\$4,500 per share). Proceeds — For down payment on purchase price of mill facilities and for other expenses. Underwriter-John C. O'Brien, one of the promoters.

Four States Uranium Corp., Grand Junction, Cole. Aug. 16 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Preceds—Fer exploratory and development expenses. Office — 628 Rood Avenue, Grand Junction, Colo. Underwriter — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Gatineau Uranium Mines Ltd. (Canada) Aug. 10 (Regulation "D") 300,000 shares of common stock. Price-At par (\$1 per share). Proceeds-For exploration and development costs. Office - 100 Adelaide St. West, Toronto, Canada. Underwriter-McCoy & Willard, Boston, Mass.

Gem Uranium & Oil Co., Salt Lake City, Utah Dec. 9 (letter of notification) 11,000,000 shares of capital stock (par one cent). Price-Two cents per share. Proceeds-For exploration and development of oil and uranium properties. Office — 414 Judge Bldg., Salt Lake City, Utah. Underwriter—Utah Uranium Brokers, same city.

★ General Dynamics Corp. (4/4-6) March 11 filed \$40,000,000 of convertible debentures. due April 1, 1975. Price - To be supplied by amendment. Proceeds—For expansion and improvement of facilities and for working capital. Underwriters—Lehman Bros. and Blyth & Co., Inc., both of New York.

General Homes, Inc. Dec. 15 filed 300,000 shares of common stock (par \$1). Price-\$5 per share. Proceeds-For plant expansion, new equipment, inventory and working capital. Office—Huntington Station, L. I., N. Y. Underwriter—S. D. Fuller & Co., New York.

• General Shoe Corp. (3/22) March 4 filed \$10,000,000 of 25-year debentures due March 1, 1980. Price—To be supplied by amendment. Proceeds-To retire a \$3,000,000 promissory note, for additions and improvements and working capital. Underwriter-Smith, Barney & Co., New York.

General Uranium Corp., Salt Lake City, Utah Oct. 27 (letter of notification) 1,200,000 shares of common stock. Price-At par (25 cents per share). Preceeds-For development and exploration expenses. Office-404 Boston Building, Salt Lake City, Utah. Underwriter-P. G. Christopulos & Co., same city.

Continued on page 42

NEW ISSUE	CALENDAR					
March 18 (Friday)	March 30 (Wednesday)					
Eleven Moore Street CorpCommon Offering to stockholders—no underwriting) \$168,858	Arkansas Power & Light CoBonds (Bids 11 a.m. EST) \$18,000,000					
March 21 (Monday) Concord Supplier & Equipment CorpCommon	Arkansas Power & Light CoPreferred (Bids 11 a.m. EST) \$9,350,000					
(Franklin, Meyer & Barnett) 299,700 shares	March 31 (Thursday)					
Flo-Mix Fertilizers Corp. Common (Tschirn Investment Co.) \$2,925,000	ElectroData CorpCommon (Offering to stockholders—underwritten by Blyth & Co., Inc.) 210,000 shares					
Kin-Ark Oil Co						
Model Finance Service, IncDebentures	April 1 (Friday)					
National Shares Corp	Florida Telephone Corp. Common (Offering to stockholders—no underwriting) 77,350 shares					
March 22 (Tuesday)	April 4 (Monday)					
Atlantic Steel Co	General Dynamics Corp. Debentures (Lehman Brothers and plyth & Co., Inc.) \$40,000,000					
General Shoe CorpDebentures (Smith, Barney & Co.) \$10,000,000	Southern States Oil Co					
National Gypsum Co. Common (Offering to stockholders—underwritten by W. E. Hutton & Co. and Blyth & Co., Inc.) 464,325 shares	April 5 (Tuesday)					
Van Norman Co	Kentucky Utilities CoBonds					
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 124,667 shares	West Texas Utilities CoBends					
Western Auto Supply CoPreferred	(Bids to be invited) \$7,500,600					
(Merriff Lynch, Pierce, Fenner & Beane) \$5,000,000	April 6 (Wednesday)					
Beneficial Standard Life Insurance CoCommon (Lehman Brothers) 460,000 shares	Tennessee Gas Transmission CoDebentures (Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) \$25,000,000					
Harvard Brewing CoCommon (Bids 3.30 p.m. EST) 345,760 shares	April 11 (Monday)					
Joy Manufacturing CoDebentures  (Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp.) \$20,000,000	White River Propane Gas Co., Inc. Debens. & Com. (Eisele & King, Libaire, Stout & Co.) \$700,000					
Southern Pacific Co Fouin Trust Ctfs	April 14 (Thursday)					

April 14 (Thursday) Common Sundstrand Machine Tool Co.\_\_\_\_Com

(Offering to stockholders—underwritten by Merrill,
Lynch, Pierce, Fenner & Beane; Bacon,
Whipple & Co.; and Dean Witter
& Co.) 108,885 shares Common April 15 (Friday) Westpan Hydrocarbon Co ... Common \_\_Common (May be Union Securities Corp.) 384,861 shares (Joseph McManus & Co. and A. P. Kibbe & Co. \$3,000,000 April 25 (Monday) Chicago, Rock Island & Pacific RR .- Debentures (The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and Union Securities Corp.) \$65,000,000 May 2 (Monday) Kentucky Utilities Co.\_\_\_\_\_Common (Offering to stockholders—underwritten by Bl-th & Co., Inc. and J. J. B. Hilliard & Son) 190,566 shares Augusta Newspapers, Inc ... Preferred & Common (Johnson, Lane, Space & Co.) March 28 (Monday) May 10 (Tuesday) \_Debentures Georgia Power Co.\_\_\_\_ (Bids 11 a.m. EST) \$12,000,000 Chesapeake & Colorado Uranium Corp .\_\_ Common New York, Chicago & St. Louis RR ... Eq. Tr. Ctfs. (Peter Morgan & Co.) \$750,000 (Bids to be invited) \$4,080,000 May 17 (Tuesday) Ohio Edison Co.....Bonds
(Bids to be invited) \$30,000,000 \_Common May 24 (Tuesday) Alabama Power Co.\_\_\_\_Bonds March 29 (Tuesday) Common Class Works Co. and Harriman Ripley & Co. Inc.)
464,700 shares Common June 7 (Tuesday)

Virginia Electric & Power Co .....

Southern Co.

(Bids to be invited) \$25,000,000

November 9 (Wednesday)

(Bids to be invited) 500,000 shares

.....Common

Gulf Cities Gas Corp., St. Petersburg, Fla. Feb. 15 (letter of notification) 31,500 shares of class A stock (par \$1). Price-\$7.75 per share. Proceeds - To repay notes and other obligations and for working capital. Underwriter-Eisele & King, Libaire, Stout & Co., New York. Letter to be withdrawn; full registration of about 50,000 shares expected. Offering - Expected about May 2.

Gulf States Utilities Co.

May 14, 1954 filed 160,800 shares of preferred stock (par \$100). Proceds-To redeem 50,000 shares of \$4.50 dividend preferred stock, 60,000 shares of \$4.40 dividend preferred stock, 1949 series, and 50,000 shares of \$4.44 dividend preferred stock at the prevailing redemption prices of \$105, \$105, and \$105.75, respectively. Underwriter—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). Bids—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

**Gulf States Utilities Co.** 

May 14, 1954 filed \$24,000,00 first mortgage bonds due June 1, 1984. Proceeds—To redeem \$10,000,000 of 3%% first mortgage bonds due 1981 and \$10,000,000 of 3%% first mortgage bonds due 1983, and for general corporate purposes. Underwriter-To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. Bids—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

• Hanover Fire Insurance Co.

Feb. 24 filed 100,000 shares of capital stock (par \$10) being offered for subscription by stockholders of record March 16 at the rate of one new share for each four shares held; rights to expire on April 4. Price-\$42 per share. Proceeds-To be added to the general funds of the company to enable it to expand its business, particularly in the writing of casualty and multiple-line policies. Underwriters-The First Boston Corp. and R. W. Pressprich & Co., both of New York.

Harvard Brewing Co., Lowell, Mass. (3/23) Feb. 1 filed 345,760 shares of common stock (par \$1), which the Attorney General, as successor to the Alien Property Custodian, is the owner and proposes to offer at competitive bidding. If any such bid is accepted, and if the successful bidder plans to distribute the shares, the company will file post-effective amendments to supply the requisite additional information. There are 625,000 shares outstanding. Bids-To be received by Office of Alien Property, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., up to 3:30 p.m. (EST) on

March 23. Heliogen Products, Inc.

March 7 (letter of notification) 22,670 shares of common stock (par \$1), of which 12,670 shares are to be offered for subscription by stockholders up to and including June 15, 1955, and 10,000 shares are to be offered publicly. Price-\$5 per share. Proceeds-For working capital, etc. Office—35-10 Astoria Blvd., Long Island City, N. Y. Underwriter—Smith & Co., Waterville, Me.

Hobby & Brown Electronic Corp. Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). Price-\$1.25 per share. Proceeds -To increase inventory and for working capital. Office -55 Front St., Rockville Centre, L. I., N. Y. Underwriter -W. Harry Young Co., Garden City, L. I., N. Y

 Holly Uranium Corp., New York (3/28-4/1) Feb. 10 filed 900,000 shares of common stock (par \$1). Price-\$3.50 per share. Proceeds-To exercise certain options on properties in Utah and New Mexico. Underwriter-Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett, both of New York.

 Industrial Hardware Manufacturing Co., Inc. March 9 filed \$3,000,000 of 6% debentures due March 1, 1975, of which \$2,596,600 principal amount are to be offered first to stockholders. Price-To be supplied by amendment. Proceeds-To purchase preferred stock of Hugh H. Eby Co., at par; to purchase real estate, machinery and equipment, etc.; for the acquisition of all common stock of Eby company and to pay certain bank loans and notes payable of Eby. Underwriters-Names to be supplied by amendment (expected to be Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York).

Inland Western Loan & Finance Corp.

Feb. 17 filed 2,500,000 shares of class A non-voting common stock (par \$1). Price-\$1.25 per share. Proceeds-To be used as operating capital for its two subsidiaries, and to finance establishment and operation of additional loan and finance offices. Office-Phoenix, Ariz. Underwriter-None.

International Spa, Inc., Reno, Nev.

Nov. 23 filed 12,000 shares of common stock (no par). Price-\$500 per share. Proceeds-For land, construction, working capital, etc. Underwriter-None.

Investment Corp. of America

Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). Price-For preferred, \$20 per share;

and for common, \$2 per share. Proceeds-For working capital. Office—3603 Broadway, San Antonio, Tex. Underwriter—Interior Securities, Inc., San Antonio, Tex.

Israel Pecan Plantations, Ltd.

Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). Price-\$10 per share. Proceeds -For capital expenditures. Underwriter-None. Offices -Natanya, Israel, and New York, N. Y.

Jarmon Properties & Oil Development Corp. Jan. 17 (letter of notification) 30,000 shares of captal stock. Price-At par (\$10 per share). Proceeds-For further exploration and development. Addres-P. O. Box 1109, Wichita Falls, Tex. Underwriter-John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and an-

Joy Manufacturing Co. (3/23)

Feb. 28 filed \$20,000,000 of sinking fund debentures due 1975. Price-To be supplied by amendment. Proceeds-For expansion and working capital. Underwriters-Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp., all of New York.

Justheim Petroleum Co. Dec. 9 (letter of notification) 2,650,000 shares of common stock (par five cents). Price-10 cents per share. Proceeds - For oil and mining expenses. Office-318 Phillips Petroleum Bldg., Salt Lake City, Utah. Under-writer—Hunter Securities Corp., New York.

 Kentucky Utilities Co., Lexington, Ky. (4/5) March 7 filed \$5,000,000 first mortgage bonds, series F, due April 1, 1985. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. Bids - Expected about April 5.

• Kentucky Utilities Co., Lexington, Ky. (3/24) March 7 filed 190,566 shares of common stock (par \$10) to be offered for subscription by common stockholders of record March 21 on the basis of one new share for each 12 shares held; rights expire on April 11. Price-To be supplied by amendment. Proceeds—For construction program. Underwriters-Blyth & Co. Inc., New York, and J. J. B. Hilliard & Son, Louisville, Ky.

Kin-Ark Oil Co., El Dorado, Ark. (3/21-25) Feb. 24 filed 500,000 shares of common stock (par 10 cents). Price - \$2.75 per share. Proceeds - To repay \$279,000 mortgage indebtedness and \$45,500 outstanding notes; to pay \$70,000 outstanding accounts payable, and for drilling of 14 additional wells and working capital. Underwriter-Van Alstyne, Noel & Co., New York.

Lake Lauzon Mines, Ltd., Toronto, Can. Aug. 2 filed 660,000 shares of common stock (par \$1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. Price-40 cents per share, U. S. funds. Proceeds - For development and exploration expenses. Underwriter-To be named by amendment.

Lee Finance Co., Minneapolis, Minn. Nov. 3 (letter of notification) 13,000 shares of preferred

stock (par \$10) and \$170,000 of 8% subordinate notes due five years from date of issue. Price-At par. Proceeds-To reduce bank loans and for working capital. Office-305 Northwestern Federal Bldg., Minneapolis, Minn. Underwriter-Daniels & Smith, Inc., same city.

Liberty Uranium Corp., Salt Lake City, Utah July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). Price-Three cents per share. Proceeds—For mining operations. Office—402 Darling Bldg., Salt Lake City, Utah. Underwriter — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Lucky Lake Uranium, Inc., Salt Lake City, Utah Feb. 9 (letter of notification) 8,000,000 shares of capital stock. Price-At par (two cents per share). Proceeds-For mining expenses. Office-201 Boston Building, Salt Lake City, Utah. Underwriter-Kastler Brokerage Co., same city.

Lucky Strike Uranium Corp.

Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). Price—Five cents per share. Proeeeds-For mining operations. Office-38 South Main St., Salt Lake City, Utah. Underwriter-Seaboard Securities Corp., Washington, D. C.

Mac Fos Uranium, Inc., Salt Lake City, Utah Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). Price-Three cents per share Proceeds-For exploration and development costs. Office -239 Ness Bldg., Salt Lake City, Utah. Underwriter-Utah Securities Co., same city.

Magic Metals Uranium Corp Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). Price - 10 cents per share. Proceeds-For exploration and development expenses. Office-65 East 4th South, Salt Lake City, Utah. Underwriter-Mid-Coninent Securities. Inc., the same city.

Marble Canyon Uranium, Inc. Feb. 4 (letter of notification) 20,900,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining operations. Office—587 — 11th Ave., Salt Lake City, Utah. Underwriter-Potter Investment Co., same city.

\* Marlowe Chemical Co., Inc.

March 11 (letter of notification) 300,000 shares of common stock (par one cent). Price-\$1 per share. Proceeds -For working capital. Business - To manufacture and sell a home unit fire extinguisher. Office—17 West 44th St., New York 36, N. Y. Underwriter—General Investing Corp., New York.

Mascot Mines, Inc., Kellogg, Ida.

Feb. 17 (letter of notification) 200,000 shares of common stock (par 35 cents). Price-75 cents per share. Proceeds -For mining expenses. Underwriter-Standard Securities Corp., Spokane, Wash.

★ Meredith Publishing Co., Des Moines, Ia.

March 15 filed 75,000 shares of common stock to be offered to key employees under restricted stock option

 Merritt-Chapman & Scott Corp.
 Dec. 21 filed 3,018,567 snares of common stock (par \$12.50) being offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par \$5) of Tennessee Products & Chemical Corp., at the rate of 11/4 shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par \$2) of Devoe & Raynolds Co., Inc. at the rate of 1% shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par \$1) of Devoe, at the rate of 11/3 shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par \$1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par \$1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,409 outstanding shares of common stock (par \$10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 11/2 shares for each share of common stock of Marion; and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood. Offer will expire on March 28. Dealer-Manager—A. C. Allyn & Co., Inc. for Devoe & Raynolds exchange.

Mesa Petroleum Co., Inc., Wichita, Kans. Feb. 9 (letter of notification) 75,000 shares of common stock (no par). Price-\$4 per share. Proceeds-To complete wells already drilled on properties owned by company; and to drill additional wells. Office-303 Insurance Building, Wichita, Kans. Underwriter-Albert C. Schenkosky, same city.

Mi-Ame Canned Beverages Co., Hialeah, Fla. Oct. 28 (letter of notification) 200,000 shares of common stock. Price-At par (\$1 per share). Proceeds-To purchase raw materials and new machinery, and for working capital. Underwriter — Frank D. Newman & Co. Miami, Fla.

Micro-Moisture Controls, Inc.

Jan. 13 (letter of notification) \$250,000 of 65 % % income convertible debentures (subordinated) due Feb. 1, 1965, to be offered initially to stockholders. Price-100% of par (in units of \$100 or multiples thereof). Proceeds-For working capital, etc. Office—22 Jericho Turnpike, Mineola, N. Y. Underwriter—None.

Military Investors Financial Corp. Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). Price—\$2 per share. Proceeds—For general corporate purposes. Office—2310 Main St., Houston, Texas. Underwriter-Cobb & Co., Inc., same

Missouri Uranium Corp., Kansas City, Mo. Jan. 24 filed 150,000 shares of preferred stock (par \$5) and 150,000 shares of common stock (no par) to be offered in units of one share of each class of stock. Price -\$5 per unit. Proceeds-For exploration and development, etc. Underwriter-Dale E. Klepinger & Associates, 203 W. Dartmouth, Kansas City, Mo.

Model Finance Service, Inc. (3/21-25) Feb. 28 filed \$600,000 of 6% subordinated debentures, with detachable common stock purchase warrants for a total of 18,000 shares of \$1 par value common stock (a warrant for 30 shares for each \$1,000 debenture) to be offered in units of a \$500 debenture, plus a warrant for purchase of 15 shares of stock at \$2 per share. Price-\$500 per unit. Proceeds—For payment of certain notes. Office-Jackson, Mich. Underwriter-Paul C. Kimball & Co., Chicago, Ill.

Monte Cristo Uranium Corp., Moab, Utah Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). Price-10 cents per share, Proceeds-For exploration and development expenses. Underwriter-James E. Reed Co., 139 North Virginia St., Reno, Nev.

Montezuma Uranium, Inc., Denver, Colo. Jan. 5 (letter of notification) 3.000,000 shares of common stock (par five cents). Price-10 cents per share, Proceeds-For exploration and development operations, Office-Ernest and Cranmer Bldg., Denver, Colo. Laderwriter-Investment-Service Co., same city.

Mother Lode Uranium Co. Jan. 28 (letter of notification) 10,000,000 shares of common stock. Price-At par (two cents per share). Proceeds-For mining operations. Office-470 South 13th East, Salt Lake City, Utah. Underwriter—M. C. Leonard and Associates, 602 Tribune Bldg., Salt Lake City, Utah.

· National Aviation Corp., New York

Feb. 18 filed 111,618 shares of capital stock (par \$5) being offered for subscription by stockholders at rate of one new share for each four shares held as of record March 10 (with an oversubscription privilege); rights to expire on March 25. Price-\$30 per share. Proceeds elep 769. nde Ne no p nde Ne ept. ock

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For investment. Underwriter - None. Subscription gent-The Hanover Bank, New York City.

National Gypsum Co. (3/22) eb. 28 filed 464,325 shares of common stock (par \$1) be offered for subscription by common stockholders record March 21, 1955 at the rate of one new share or each six shares held; rights to expire on April 4, 955. Price-To be supplied by amendment. Proceedsor capital expenditures and working capital. Underriters-W. E. Hutton & Co. and Blyth & Co., Inc.,

oth of New York. National Shares Corp., New York (3/21)

larch 7 filed 360,000 shares of capital stock (par \$1) be offered for subscription by stockholders of record farch 21 on the basis of one new share for each two nares held (with an oversubscription privilege); rights expire on April 4. Price-To be supplied by amendent. Proceeds-For investment. Underwriter-None.

New England Telephone & Telegraph Co. eb. 4 filed 511,205 shares of capital stock being offered r subscription by stockholders of record March 1, 1955 the rate of one new share for each five shares held; ghts to expire on March 31. Price—At par (\$100 per are). Proceeds-To repay advances from American

elephone & Telegraph Co., the parent, which owns

769,035 shares (69.21%) of the outstanding stock. nderwriter-None.

New Pacific Coal & Oils, Ltd., Toronto, Canada ec. 28 (regulation "D") 275,000 shares of common stock no par), of which 120,000 shares are to be offered in anada and 155,000 shares in the United States. Pricecents per share. Proceeds - To selling stockholders. nderwriter-L. D. Friedman & Co., New York.

New Silver Belle Mining Co., Inc., Almira, Wash. ept. 8 (letter of notification) 500,000 shares of common ock (par two cents). **Price**—10 cents per share. **Pre**--For exploration and development costs. Underriters-Percy Dale Lanphere and R. E. Nelson & Co., oth of Spokane, Wash.

Oklahoma Gas & Electric Co.

eb. 23 filed 331,643 shares of common stock (par \$10) eing offered for subscription by common stockholders record March 16 on the basis of one new share for ach eight shares held. Employees will be given the ght to subscribe for not exceeding 12,000 shares of ny unsubscribed stock. Rights will expire on April 5. rice — \$31.50 per share. Proceeds — For construction rogram. Underwriter—Merrill Lynch, Pierce, Fenner Beane, New York.

Pacific Northwest Pipeline Corp. (3/29)

larch 9 filed \$17,220,000 of 6% interim notes due June 1957 and 287,000 shares of common stock (par \$1) to e offered in units of \$60 principal amount of notes and ne share of stock. Price-To be supplied by amendment expected to be \$70 per unit). Proceeds—Together with ther funds, to finance construction of a 1,466 mile atural gas pipe line between Ignacio, Colo., and Sumas, ash, on the Canadian border. Underwriters -Veld & Co.; Kidder, Peabody & Co.; The Dominion Se-urities Corp.; and Union Securities Corp. Financing lans also include offering to present stockholders of 549,100 shares of common stock at \$10 per share.

Paramount Uranium Corp., Moab, Utah

ct. 7 (letter of notification) 6,000,000 shares of capital ock. Price—At par (five cents per share). Proceeds or mining expenses. Office—325 Main St., Moab, Utah. Inderwriter—Van Blerkom & Co., Salt Lake City, Utah Pay Day Uranium Co., Las Vegas, Nev.

ct. 15 (letter of notification) 2,500,000 shares of capital ock (par two cents). Price-10 cents per share. Proeeds—For exploration and development costs. Office—30 Fremont St., Las Vegas, Nev. Underwriter—Allied nderwriter Co.. the same city

Pecos Mining Co., Dal!as, Texas eb. 21 (letter of notification) 5,990,000 shares of comon stock. Price-At par (five cents per share). Proeds-For exploration and drilling expenses and workig capital. Underwriter-Carroll, Kirchner & Jaquith, nc., Denver, Colo.

Petro-Minerals, Irc., Kouston, Tex.

farch 15 filed 500,000 shares of capital stock (par 10 ents), of which 195,714 shares are to be offered by comany and 304,286 shares by a selling stockholder, to be ffered for subscription by stockholders and warrant olders of Johnston Oil & Gas Co. of record April 1 on ne basis of one new share for each four shares of Johnon Oil stock held (or represented by warrants held). ohnston Oil has agreed to purchase any company shares ot purchased by other Johnston Oil stockholders. Price \$1 per share. Proceeds-For geological and other exenses, and for other general corporate expenses.

Petroleum Reserves, Inc., New York

14 filed \$7,500,000 of 4% debentures due 1970, 00,000 shares of 5% preferred stock (par \$25) and ,000,000 shares of common stock (par 10 cents) to be ffered in units of \$750 principal amount of debentures, shares of preferred stock and 100 shares of common ock. Price-To be supplied amendment. Proceedsor acquisition of producing oil and gas properties. Unerwriter-Smith, Barney & Co., New York.

Public Service Electric & Gas Co.

ec. 22 filed 250,000 shares of cumulative preferred stock par \$100). Price-To be supplied by amendment. Proeds-To reduce bank loans and for construction proam. Underwriters-Morgan Stanley & Co.; Drexel & o.; and Glore, Forgan & Co. Offering - Temporarily

Pyramid Life Insurance Co., Charlotte, N. C. eb. 15 filed 250,000 shares of capital stock (par \$1) to e offered for subscription by common stockholders of

record March 1, 1955 on the basis of one new share for each three shares held. Any shares remaining unsubscribed 30 days tollowing date of mailing of warrants will be disposed of through the company's executive committee. Price—\$3.75 per share. Proceeds—To expand business. Underwriter-None.

Ranger Lake Uranium Mines, Ltd., Toronto,

Canada Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). Price-\$1 per share. Proceeds-For general corporate purposes. Underwriter-James Anthony Securities Corp., New York.

Reis (Robert) & Co.

March 15 (letter of notification) 3,000 shares of \$1.25 prior preference stock (par \$10) and 18,000 shares of common stock (par \$1). Price—At market (about \$9 per share for preference stock and about \$1.25 for common stock). Proceeds-To Trust of Arthur M. Reis, deceased. Underwriter-Lehman Brothers, New York.

Revere Realty, Inc., Cincinnati, Ohio

March 8 filed \$1,000,000 of 51/2% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). Price-Par for debentures and \$100 per share for stock. Proceeds - To purchase real estate or interest therein. Underwriter-Stanley Cooper Co., Inc., Cincinnati, O.

Ritter Finance Co., Inc., Syncote, Pa. Feb. 24 filed 4,000 shares of 5½% cumulative preferred

stock, third series (par \$50) and 40,000 shares of class B common stock (par \$1) to be offered in units of one preferred share and 10 class B shares. Price-\$75 per unit. Proceeds-To reduce bank loans and for working capital. Underwriter-None.

St. Regis Paper Co., New York

Feb. 18 filed 24,381 shares of common stock (par \$5) to be offered in exchange for common stock (par \$1) of Michigan Molded Plastics, Inc. on the basis of one St. Regis share for each 51/4 shares of Michigan common stock of which there are 128,000 shares outstanding. Underwriter-None. Statement effective March 8.

Salisbury Broadcasting Corp., Paxton, Mass. Jan. 20 (letter of notification) \$150,000 of 5% notes and 6,000 shares of common stock (par \$1) to be offered first to stockholders in units of \$1,000 of notes and 40 shares of stock. Price-\$1,000 per unit. Proceeds-For working capital. Office - Asnebumskit, Paxton, Mass. Underwriter - Kinsley & Adams, 6 Norwich St., Worcester,

Samicol Uranium Corp., Santa Fe, N. M.

Sept. 14 filed 300,000 shares of common stock (par 10 cents). Price-\$2 per share. Proceeds-For development and exploration expenses, etc. Underwriters-R. V. Klein Co. and McGrath Securities Corp., both of New York.

San Miguel Uranium Mines, Inc.

Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). Price-15 cents per share. Preceeds - For mining operations. Office - Mineral Bldg., Grand Junction, Colo. Underwriter - Tellier & Co., Jersey City, N. J.

\* Sealed Power Corp., Muskegon Heights, Mich. March 16 filed 100,000 shares of common stock (par \$10) of which 50,000 shares are to be offered by company and 50,000 shares by selling stockholders. Price—To be supplied by amendment. Proceeds - For capital additions and improvements. Underwriter-A. G. Becker & Co. Inc., Chicago, Ill.

Shumway Uranium Mining Corp.

Jan. 28 (letter of notification) 200,000 shares of capital stock. Price—At par (\$1 per share). Proceeds—For mining expenses. Office—64 East 4th South St., Salt Lake City, Utah. Underwriter-Doxey Investment Co., same city.

Silver Pick Uranium, Inc., Reno, Nev.

Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). Price-10 cents per share Proceds—For exploration and development costs. Of-fice—211-206 N. Virginia Street, Reno, Nev. Underwriter -Western Securities Corp., Las Vegas, Nev.

Silver Reef Uranium Co., Salt Lake City, Utah Jan. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). Price-10 cents per share. Proceeds-For mining expenses. Office-130 South 13th East, Salt Lake City, Utah. Underwriter—Peters, Writer & Christensen, Inc., Denver, Colo.

Sinclair Oil Corp., New York

March 7 filed 337,830 shares of common stock (no par) to be offered in exchange for shares of capital stock of Venezuelan Petroleum Co. in the ratio of five shares of Sinclair stock for each eight shares of Venezuelan stock tendered for exchange under terms of this offer provided at least 450,000 shares are tendered.

Slick Rock Uranium Development Corp.

Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended Price-10 cents per share. Proceeds-For development and exploration expenses. Office—Newhouse Hotel, Salt Lake City, Utah. Underwriter — Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc. Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). Price - 10 cents per share Proceeds—For mining expenses. Offices — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. Underwriter-E. R. Bell & Co., Kansas City, Mo

Southeastern Public Service Co.

Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) being offered in exchange for Hamilton Gas Corp. capital stock (par \$1) on the basis

of 3½ Southeastern shares for each Hamilton share. This offer shall terminate when offer shall have been accepted by Hamilton stockholders owning not in excess of 8,000 shares of Hamilton stock. Office—70 Pine St., New York 5, N. Y. Underwriter-None.

• Southern States Oil Co. (4/4-7)

Feb. 25 filed 250,000 shares of common stock (par one cent). Price-\$2 per share. Proceeds-For further exploration and development of preperties, for drilling costs and for acquisition of interests in other oil companies. Office - Laurel, Miss. Underwriter - Gordon Graves & Co., Inc., New York.

Southern Union Oils, Ltd.

Feb. 16 filed 1,211,002 shares of common stock (par \$1) of which 511,002 shares are to be offered for subscription by existing stockholders on a basis of one new share for each share held, as of March 15; rights to expire on April 12. Price — To stockholders, 50 cents per share; and to public, at a market price to be equivalent to last sale on Toronto Stock Exchange—65c-75c (ex-rights) per share. Proceeds-For exploratory and developmental expenses; for possible acquisition of additional oil and gas interests; and to meet current liabilities. Office-Toronto, Canada. Underwriter — Willis E. Burnside & Co., Inc., New York.

Star Uranium Corp., Salt Lake City, Utah Aug. 2 (letter of notification) 6,000,000 shares of com-mon stock (par one cent). Price—Five cents per share. For exploration and development costs. Underwriter—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev. July 9 filed 621,882 shares of preferred stock (par \$10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price -\$10.01 per unit. Proceeds-For purchase of land and to construct and equip a luxury hotel. Underwriter-None.

Stewart Oil & Gas Co., San Angelo, Texas March 14 filed 750,000 shares of common stock (par 10¢). Price-\$1 per share. Proceeds-To repay bank loan, and for development of properties and other activities incident to oil and gas operations. Underwriter - Barrett Herrick & Co., Inc., New York.

\* Storer Broadcasting Co., Miami Beach, Fla. (3/29)

March 10 filed 262,750 shares of common stock (par \$1). Price - To be supplied by amendment. Proceeds reduce 4½ % notes, due 1955-1961, by approximately \$10,000,000; and to redeem all or part of the outstanding 15,000 shares of 7% cumulative preferred stock (par \$100) at \$107 per share. Underwriter-Reynolds & Co., New York.

Sun Hotel, Inc., Las Vegas, Nev. Feb. 16 filed 760,000 shares of pfd. capital stk. (par \$9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. Price-\$10 per unit. Proceeds—To purchase property; for construction of hotel; and for working capital. Underwriter—Coombs & Co., Salt Lake City, Utah.

Sundstrand Machine Tool Co. (3/23)

March 4 filed 108,885 additional shares of common stock (par \$5) to be offered to common stockholders on the basis of one new share for each five shares held as of March 22; rights to expire on April 6. Price — To be supplied by amendment. Proceeds — For expansion and general corporate purposes. Underwriters-Merrill. Lynch, Pierce, Fenner & Beane, New York; Bacon, Whipple & Co., Chicago, Ill.; Dean Witter & Co., San Francisco, Calif.

Sunshine Park Racing Association, Inc. (Fla.) Nov. 18 filed \$700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). Price - 100% and accrued interest for debentures and \$2 per share for stock. Proceeds-To repay bank loans, for new construction and for working capital. Underwriter-Gulf-Atlantic, Inc., Tampa, Fla.

Superior Uranium Co., Las Vegas, Nev. Sept. 1 (letter of notification) 29,910,000 shares of common stock. Price-At par (one cent per share). Proceeds -For development and exploration costs. Office-Medical Arts Bldg., Las Vegas, Nev. Underwriter-Uranium Brokers, Inc., the same city.

Swedes Uranium Corp., Salt Lake City, Utah Jan. 5 (letter of notification) 2,500,000 shares of common stock (par three cents). Price-10 cents per share. Proceeds-For exploration and development expenses. Office-Newhouse Bldg., Salt Lake City, Utah. Underwriter-Guss & Mednick Co., same city

Sytro Uranium Mining Co., Inc., Dallas, Texas Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). Price—10 cents per share. Proceeds-For exploration and development of properties. Office - 1406 Life of America Building, Dallas, Underwriter - Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.

Aug. 17 (letter of notification) 1,700,000 shares of common stock. Price—10 cents per share. Proceeds—For exploration and development expenses. Office — 317 Railway Exchange Building, Denver, Colo. Underwriter -E. I. Shelley Co., Denver, Colo.

Temple Mountain Uranium Co.

Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 21/2 cents). Price -- 3 cents per share. Proceeds-For exploration and development expenses. Office-39 Exchange Place, Salt Lake City, Utah. Underwriter-Walter Sondrup, same city.

Continued on page 44

★ Tennessee Gas Transmission Co. (4/6)
March 11 filed \$25,000,000 of debentures, due April 1,
1975. Price—To be supplied by amendment. Proceeds—
To repay outstanding short-term notes and for new construction. Underwriters—Stone & Webster Securities
Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc.,
all of New York.

Texas International Sulphur Co.

June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. Price—To be supplied by amendment. Proceeds—For exploration and drilling, and payment of bank loans and advances Underwriter—Vickers Brothers, New York, on a "best efforts" basis.

Texboard, Inc., Dallas, Texas

Jan. 17 filed \$1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and \$1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. Price—To be supplied by amendment. Proceds—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. Underwriter—Emerson Cook Co., Palm Beach, Fla.

Thunderbird Uranium Co., Reno, Nev.

Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). Price — 15 cents per share.

Proceeds—For mining activities. Office—206 N. Virginia St., Reno, Neb. Underwriter—Stock, Inc., Salt Lake City.

Thunderbolt Uranium Corp., Salt Lake City, Utah Jan. 31 (letter of notification) 22,000,000 shares of capital stock. Price—At par (one cent per share). Proceeds For mining expenses. Office—2507 South State St., Salt Lake City, Utah. Underwriter—Melvin G. Flegal & Co., same city.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—1122 Mile High Center, Denver 2, Colo. Underwriter—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

★ Topp Industries, Inc., Los Angeles, Calif.

March 9 filed 153,500 shares of common stock (par \$1), of which 139,500 shares are to be offered publicly. Price—To be supplied by amendment. Proceeds—For prepayment of rentals; \$46,000 to retire outstanding \$10 par preferred stock; to purchase substantially all of the assets of Standard Electronics Manufacturing Co.; for leasehold improvements; to purchase one-half interest in parking area presently leased from Gira Co.; and for working capital, etc. Underwriter—Dempsey-Tegeler & Co., St. Louis, Mo.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For exploration and development costs. Office—358 S. 3rd St. East, Salt Lake City, Utah. Underwriter—Western Securities Corp., same city.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,800,000 shares of common stock (par one cent). Price — 10 cents per share.
Proceeds—For exploration and development costs. Office—906 Walker Bank Bldg., Salt Lake City, Utah. Underwriter—Western Securities Corp., the same city.

Uintah Uranium, Inc., Salt Lake City, Utah.
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). Price—Two cents per share.
Proceeds — For exploration and development costs.
Office—424 Judge Bldg., Salt Lake City, Utah. Underwriter—James E. Reed Co., same city.

\* Union Carbide & Carbon Corp.

March 9 filed \$25,000,000 of Interests or Participations in the Savings Plan for Employees of this company and its subsidiaries, and 50,000 shares of capital stock which may be purchased pursuant to the Plan.

Union Club, Inc., Hollywood, Calif.

March 1 filed 30,000 shares of preferred stock (par \$50) and 100,000 shares of common stock (par \$10) to be offered in units of three preferred and 10 common shares. Price—\$400 per unit. Proceeds—For purchase of property, construction of hotel, athletic and health facilities, and working capital. Underwriter—None, but sales will be made through agents.

United Canadian Uranium Corp.
Feb. 7 (letter of notification) 1,188,000 shares of common stock (par one cent). Price—25 cents per share.
Proceeds—For mining expenses. Office—701 Ernest and Cranmer Building, Denver 2, Colo. Underwriter—Car-

roll, Kirchner & Jaquith, Inc., same city.

United Uranium Corp., Denver, Colo.

Jan. 26 (letter of notification) 4.133,329 shares of common stock (par one cent), of which 2,133,329 shares are covered by an offer of rescission to 37 shareholders at three cents per share; and 2,000,000 shares are to be publicly offered at 10 cents per share. Proceeds—For mining expenses. Underwriter—John L. Donahue, 430 16th Street, Denver 2, Colo.

Universal Finance Corp., Dallas, Texas

Feb. 16 (letter of notification) 27,000 shares of 70-cent cumulative preferred stock (no par) and 27,000 shares of common stock (par 15 cents) to be offered in units of one share of each class of stock. Price—\$11 per unit. Proceeds—For working capital. Underwriter—J. F. Perkins & Co., Dallas, Texas.

Universal Petroleum Exploration & Drilling Corp. Oct. 4 (letter of notification) 300,000 shares of common stock. Price — At par (\$1 per share). Proceeds — For cost of Driller Boy (drilling equipment which company rents out), and working capital. Office—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. Underwriter—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Uranium Discovery & Development Co.,

Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. Price—At par (five cents per share). Proceeds—For core drilling program upon two groups of claims. Address—Box 709, Wallace, Idaho. Underwriter—Wallace Brokerage Co., same city.

Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—For exploration and development costs. Office—420 Felt Building, Salt Lake City, Utah. Underwriter—Western Securities Corp., Las Vegas, Nev.

Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). Price—Six cents per share. Proceeds—For exploration and development expenses. Office—430 Judge Bldg., Salt Lake City, Utah. Underwriter—Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev.

Aug. 20 (letter of notification) 10,000,000 shares of captal stock (par 1 cent). Price — Three cents per share.

Proceeds—For exploration and development expenses.

Office—1818 Beverly Way, Las Vegas, Nev. Underwriter—First Western Securities, same city.

Vada Uranium Corp., Ely, Nev.
Jan. 17 (letter of notification) 2,000,000 shares of common stock (par one cent). Price — 15 cents per share.
Proceeds—For mining expenses. Office—280 Aultman St., Ely, Nev. Underwriter—Bristol Securities Co., Fall

River, Mass.

Van Norman Co., Springfield, Mass. (3/22)
Feb. 28 filed 124,667 shares of common stock (par \$2.50) and 10-year warrants to purchase 124,667 additional shares of common stock, to be offered for subscription by common stockholders in units of one share of common stock and one warrant for the purchase of one additional share for each three shares held on March 21; rights to expire on April 7. Price—To be supplied by amendment. Proceeds — To reduce bank loan and note held by insurance company, and for working capital. Underwriter—Paine, Webber, Jackson & Curtis, Boston and New York.

★ Vandersee Corp.

March 10 (letter of notification) 200,000 shares of Class A stock (par \$1). Price—\$1.25 per share. Proceeds—For general corporate purposes. Office—1416 Chestnut Ave., Hillside, N. J. Underwriter—None.

Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. Price—At par (five cents per share). Proceeds—For expenses incident to mining operations. Address—P. O. Box 289, Wallace, Idaho. Underwriter—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

Washington Gas Light Co.

Feb. 17 filed 130,041 shares of common stock (no par) being offered for subscription by common stockholders of record March 7, at the rate of one new share for each eight shares held; rights to expire on March 23. Price—\$38 per share. Proceeds—For additions and improvements to property. Underwriters — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Webster Uranium Mines, Ltd., Toronto, Canada Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For general corporate purposes. Underwriter—James Anthony Securities Corp., New York. Offering—Expected in two or three weeks.

Wenga Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). Price—30 cents per share. Proceeds—For general corporate purposes. Underwriter—Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex.

Nov. 20, 1952 filed \$29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one \$50 debenture and one share of stock. Price—To be supplied by amendment. Proceeds—From sale of units and 1,125,000 additional shares of common stock and private sales of \$55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. Underwriters — White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.

Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). Price—To be supplied by amendment. Proceeds—Together with other funds, to be used to build pipeline. Underwriters—White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

\* West Texas Utilities Co. (4/5)

March 9 filed \$7,500,000 of first mortgage bonds, series D, due April 1, 1985. Proceeds—To be used to retire bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill, Lynch, Picrce, Fenner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Lehman Brothers (joint-

ly); Kidder, Peabody & Co.; The First Boston Corp. Bids
—Expected to be received on April 5.

• Western Auto Supply Co. (Mo.) (3/22-23)
March 2 filed 50,000 shares of cumulative preferred stock (par \$100). Price—To be supplied by amendment. Proceeds—To finance purchase of certain properties to be acquired from Gamble-Skogmo, Inc. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par).
Price—\$5 per share. Proceeds—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. Underwriter—Schwanz & Co., Inc., Aurora, Ill.

• White Canyon Mining Co. (3/23-4/1)
Feb. 4 filed 3,000,000 shares of common stock (par 33½ cents). Price—\$1 per share. Proceeds—To repay loans and advances; for capital acquisitions; and for expenditures and working capital. Office — Dove Creek, Colo. Underwriters—Joseph McManus & Co., New York; and A. P. Kibbe & Co., Salt Lake City, Utah.

\*White River Propane Gas Co., Inc. (4/11-12)
March 11 filed \$400,000 of 6% convertible debentures, series A, due April 1, 1965, and 50,000 shares of common stock (par \$1). Price—100% and accrued interest for debentures, and \$6 per share for stock. Proceeds—To repay bank loans, etc., and for equipment, expansion and working capital. Office—Batesville, Ark. Underwriter—Eisele & King, Libaire, Stout & Co., New York.

Winfield Mining Co., Moab, Utah.

Jan. 20 (letter of notification) 500,000 shares of common stock (par five cents). Price—20 cents per share, Proceeds—For mining expenses. Office—M. L. C. Bldg., P. O. Box 648, Moab, Utah. Underwriter—Security Uranium Service, K. O. V. O. Bldg., Provo, Utah.

Woman's Income Fund, Inc., Baltimore, Md.
Jan. 28 filed 500,000 shares of capital stock. Price—At
market. Proceeds—For investment. Underwriter—Income Managers Inc., New York, which is under the direction of its President, Pierre A. DuVal, of DuVal's
Consensus Inc.

Woodland Oil & Gas Co., Inc.

Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For equipment, drilling expenses and working capital. Office—42 Broadway, New York, N. Y. Underwriter—E. M. North Co., Inc., same address.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). Price — Three cents per share. Proceeds—For exploration and development expenses. Office—323 Newhouse bldg., Salt Lake City. Utah. Underwriter—P. G. Christopulos & Co., same city.

Wynn Pharmacal Corp.

Dec. 23 (letter of notification) 85,000 shares of class B common stock (par 10 cents). Price—\$2.50 per share. Proceeds — For production, development and sale of company's products, working capital and other corporate purposes. Office—5119 West Stiles St., Philadelphia, Pa. Underwriter—Charles A. Taggart & Co., same city.

Wyoming Minerals Corp., Thermopolis, Wyo.
Feb. 16 (letter of notification) 250,000 shares of common stock. Price—\$1 per share. Proceeds—To pay current bills and purchase equipment and supplies. Underwriter—H. P. Jesperson, 2111 Nicholas St., Omaha, Neb.

Wyoming Uranium Corp., Salt Lake City, Utah Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). Price—Three cents per share. Proceeds—For exploration and development expenses. Underwriter—James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.

July 12 (letter of notification) 300,000 shares of common stock (par one cent). Price—\$1 per share. Proceeds—For mining operations. Underwriter—Sheehan & Co., Boston, Mass.

# **Prospective Offerings**

Alabama Power Co. (5/24)

Dec. 30 it was announced company plans to issue and sell \$15,000,000 first mortgage bonds due 1985. Proceeds

—To repay bank loans and for construction program.

Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly), Bids—Expected to be received up to 11 a.m. (EST) on May 24. Registration—Scheduled for April 27.

Alleghany Corp.
Feb. 10 company offered 1,367,440 shares of 6% convertible preferred stock (par \$10) in exchange for the outstanding 136,744 shares of 5½% cumulative preferred stock, series A (par \$100) on the basis of ten shares of 6% stock for each 5½% preferred share held. Dealer-Manager—Kidder, Peabody & Co., New York.

American Telephone & Telegraph Co.
Feb. 16 directors voted to recommend to stockholders that they authorize a new issue of not to exceed \$650,000,-000 convertible debentures at their annual meeting to be held on April 20. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of \$100 of debentures for each eight shares of stock held). Underwriter—None.

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• Augusta Newspapers, Inc., Augusta, Ga. (5/2) Feb. 28 it was reported company may offer and sell about 55,000 shares of common stock and 35,000 shares of preferred stock. Price—About \$11 per common share and \$10 preferred share. Underwriter—Johnson, Lane, Space & Co., Savannah, Ga.

Baltimore & Ohio RR.
Feb. 10 company received ICC exemption from competitive bidding of up to \$345,000,000 of new securities. Proceeds—For refunding. Underwriter—Feb. 16, Howard E. Simpson, President, announced Glore, Forgan & Co., Halsey, Stuart & Co. Inc. and Alex. Brown & Sons have been engaged to continue studies and formulate plans looking towards a simplification of the railroad's debt structure and a reduction in over-all interest costs.

Bridgeport Hydraulic Co.

March 7 it was reported company plans to offer 22,688 additional shares of common stock (no par) to its stock-holders on a 1-for-8 basis. Underwriter—Smith, Ramsay & Co., Inc., Bridgeport, Conn. Offering — Expected in

Central Maine Power Co.

Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock, par \$10 (probably to stockholders). Proceeds—For construction program. Underwriter—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly).

Chesapeake & Ohio Ry.
Sept. 29 it was reported company plans to issue and sell \$40,000,000 of new bonds. Proceeds—To refund its outstanding \$37,851,000 3%% bonds and \$2,441,000 4% bonds. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.

Chicago Corp.
Feb. 14 it was announced company plans to offer to its common stockholders the right to subscribe for one new share of common stock for each five shares held. Stockholders will vote April 29 on increasing authorized common stock from 4,000,000 to 5,000,000 shares. Price—To be determined shortly before offering is made. Proceeds—For new construction and general corporate purposes. Underwriter — May be Glore, Forgan & Co., Chicago., Ill.

Chicago, Rock Island & Pacific RR. (3/24)
Jan. 11, J. D. Farrington, President, announced that the directors have authorized the issue and sale of not more than \$65,000,000 of 40-year income debentures. Proceeds—To redeem the outstanding preferred stock (about 620,-000 shares). Underwriters—The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and the Union Securities Corp. Exemption from the competitive bidding rule was received on Feb. 17. If all holders of preferred stock convert their shares into common stock on a share-for-share basis there will be no debenture

Citizens & Southern National Bank,

crease capital and surplus.

March 8 it was reported stockholders will vote April 12 on approving a proposed offering for a period of 30 days of 200,000 shares of capital stock (par \$10) to stockholders on the basis of two new shares for each seven shares held. Price—\$30 per share. Proceeds—To increase capital and surplus.

Collins Radio Co.
Feb. 21 it was reported company plans to issue and sell about 100,000 shares of convertible preferred stock (par \$100). Underwriters—Kidder, Peabody & Co. and White, Weld & Co., both of New York.

Colonial Trust Co., New York
Feb. 24 it was announced stockholders of record Feb. 25
would be offered the right to subscribe on or before
March 17 for 20,000 additional shares of capital stock
(par \$25) at the rate of one new share for each two
shares held. Price—\$50 per share. Proceeds—To in-

Commonwealth Edison Co.

Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing.

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Proceeds—For new construction, which, it is estimated, will cost about \$125,000,0000 in 1955. Underwriters—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Uranium Mines, Inc.

July 23 stockholders authorized the issuance and sale of not to exceed \$6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of \$2,000,000 bonds expected early in 1955. Underwriter — Tellier & Co., Jersey City, N. J.

Detroit Edison Co.

Jan. 21 it was announced stockholders on May 2 will vote on authorizing about \$60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.

Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. Underwriter—Previous financing handled by Greene & Co., New York.

First Western Bank & Trust Co., San Francisco. March 7 it was announced stockholders of record Feb. 28 have been given the right to subscribe for 300,000 additional shares of capital stock (par \$12.50) on the basis of one new share for each six shares held; rights to expire on March 28. Price—\$40 per share. Proceeds—To increase capital and surplus. Underwriter—None. Tranamerica Corp., the majority stockholder, has offered to purchase any unsubscribed shares.

Florida Power Corp.

Dec. 31 it was reported company plans to offer to its stockholders about 232,000 additional shares of common stock on a 1-for-10 basis in May or June 1955. Underwriters: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Florida Power Corp.

Dec. 31 it was reported company may issue and sell late in 1955 about \$10,000,000 of first mortgage bonds. Underwriters — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp.

\* Ford Motor Co., Detroit, Mich.

March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. Price—Expected to be around \$60 per share. Proceeds — To the Ford Foundation. Offering—Probably in June.

• General Controls Co., Glendale, Calif.

March 16 stockholders were to vote on approving a plan to increase the authorized preferred stock from 60,553 shares to 260,553 shares. It is planned to issue a portion of the new shares to defray in part the purchase of the Controls and Instrument Division of Perfex Corp. Underwriters — Last preferred stock offering was handled by Wagenseller & Durst, Inc., and Lester, Ryons & Co., both of Los Angeles, Calif.

General Finance Corp., Chicago, III.

Feb. 16 it was announced company contemplates that additional financing in the form of additional bank loans, subordinated debt and/or additional preferred stock will be effected in the coming year. With this thought in mind the directors have proposed an amendment to the charter to create additional shares of preferred stock, without par value. Underwriter—Paine, Webber, Jackson & Curtis, Boston, Mass.

Georgia Power Co. (5/10)

Dec. 30 it was announced company plans to issue and sell \$12,000,000 of first mortgage bonds due 1985. Proceeds—To retire bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Equitable Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on May 10. Registration—Scheduled for April 13.

Gerber Products Co., Fremont, Mich.

March 7 it was announced contemplates a proposed offering to stockholders of approximately 100,000 shares of common stock (par \$10) on the basis of one new share for each 20 shares held (after giving effect to recent stock split of one additional share for each two shares owned as of Feb. 28, 1955). Price—To be named later. Proceeds — To finance expansion of company's operations. Meeting—Stockholders will vote March 31 on increasing authorized common stock from the present 2,000,000 shares to 3,500,000 shares. Underwriter—A. G. Becker & Co., Inc., Chicago, Ill. Offering—Expected to be made in April.

Giddings & Lewis Machine Tool Co.

Feb. 15, the stockholders approved a proposal to increase the authorized common stock (par \$2) from 400,000 shares (360,000 shares outstanding) to 750,000 shares, in order to have additional shares which would be available for acquisition of any business, increased working capital, plant expansion or exchange of shares in other companies. Underwriter — Previous financing handled by Hornblower & Weeks and associates.

Given Manufacturing Co.

March 3 it was reported that company may do some financing in connection with acquisition of Gasinator Mfg. Co., Cleveland, O. Underwriter—Straus, Blosser & McDowell, Chicago, Ill.

Gulf Cities Gas Corp.

Jan. 17, D. L. Alberty, Executive Vice-President, announced that the company will have another stock issue in the near future. Proceeds—For expansion. Underwriter—Eisele & King, Libaire, Stout & Co., New York, handled previous financing.

Hammermill Paper Co.

Feb. 25 it was announced stockholders will vote May 10 on increasing the debt authority to \$20,000,000. Underwriter—A. G. Becker & Co. (Inc.), Chicago, Ill.

Hartford Gas Co.

Feb. 14 it was announced stockholders will vote March 16 on issuance and sale of \$1,500,000 convertible debentures due 1965, first to preferred and common stockholders at rate of \$25 principal amount of debentures for each three shares held. Underwriter—None. Offering—Expected in May or June, 1955.

Hartford Special Machinery Co.

Feb. 24 stockholders were to vote to increase the common stock by 25,000 shares to 62,500 shares (par \$20), the additional stock probably to be offered to stockholders. Underwriter—None.

Horseshoe Bend Uranium, Inc.

Feb. 1 it was announced that company plans to issue and sell 150,000 shares of common stock. Price—\$2 per share. Proceeds—For exploration and development expenses. Underwriters—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y.; and Ned J. Bowman Co., Salt Lake City, Utah. Offering—Probably in April.

Illinois Central Telephone Co.

Jan. 26 it was reported company plans to sell in Illinois only, 15,000 shares of 5½% cumulative preferred stock.

Price—At par (\$50 per share). Underwriter—Central Republic Co. (Inc.), Chicago, Ill.

Industrial Raw Materials Corp., New York
Feb. 21 it was reported that offering of 125,000 shares of
common stock is soon expected. Proceeds—To selling
stockholders. Office—575 Madison Ave., New York 22,
N. Y. Underwriters—Milton D. Blauner & Co.; Baruch
Brothers & Co.; and Hallowell, Sulzberger & Co.

Iowa Public Service Co.

Feb. 28 directors authorized officers to sell 270,220 additional shares of common stock (par \$5) to common stockholders on a pro rata basis. Price—To be named later. Proceeds — For construction program. Underwriter — None. Offering—No definite date has been set.

Jersey Central Power & Light Co.

Feb. 21 it was reported company plans to issue and sell \$12,000,000 first mortgage bonds. Proceeds — To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated; Lehman Brothers; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; Kidder, Peabody & Co. Offering—Expected before the end of June.

Jersey Central Power & Light Co.

Feb. 21 it was reported company plans to sell \$5,000,000 of preferred stock. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (joint-ly); Glore, Forgan & Co. Offering — Expected before July 1.

Keystone Wholesale Hardware Co., Atlanta, Ga. Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock is presently being made to residents of Georgia only at \$3 per share. Office—517 Stephens St., S.W., Atlanta, Ga.

Maine Central RR.

Feb. 19 the company asked ICC for authority to issue \$1,700,000 of new 23-year first mortgage collateral bonds for sale without competitive bidding. Proceeds—To redeem approximately \$1,400,000 of 5% first mortgage divisional bonds which were sold in 1952 through Blair & Co. Incorporated, New York, and Coffin & Burr, Inc., Boston, Mass.

Maine Central RR.

Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the \$17,000,000 5\% first mortgage and collateral trust bonds due 1973. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.

Aug. 25 it was announced company plans to offer 500,-000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. Office—Room 717, 141 Broadway, New York 6, N. Y.

Missouri Pacific RR.

Bids are expected to be received in March or April for \$3,765,000, equipment trust certificates due 1956-1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Kidder, Peabody & Co.

Missouri Public Service Co.

Feb. 14 it was reported company stockholders will vote March 12 on increasing common stock from 530,000 shares to 2,000,000 shares to provide for a 3-for-1 splitup, and additional stock for future issuance. Underwriter—May be Kidder, Peabody & Co., New York.

Continued on page 45

Murphy (G. C.) Co., McKeesport, Pa. Feb. 8 it was announced stockholders will on April 12 vote on a proposal to increase the authorized limit of indebtedness from \$3,000,000 to \$20,000,000. Proceeds-For expansion program. Underwriter - Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

New Orleans Public Service Inc.

Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. Underwriter-To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York, Chicago & St. Louis RR. (5/10)

Bids are expected to be received by the company on May 10 for the purchase from it of \$4,080,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

New York Telephone Co.

Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than \$100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately \$200,000,000. Underwriter—For and bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

North Penn Gas Co.

Dec. 17 it was announced 420,000 shares of common stock (par \$5) will soon be offered to public. Price-To be named later. Proceeds-To The Post Publishing Co., publisher of The Boston Post. Underwriter-Eastman, Dillon & Co., New York.

Northwest Nitro-Chemicals, Ltd., Alberta, Can. March 4 company plans to issue and sell publicly debentures and common stock to finance its proposed chemical project. Underwriter-Eastman, Dillon & Co., New York.

Northwest Plastics, Inc.

Feb. 7 it was reported company plans to issue and sell in near future 17,500 shares of common stock, plus 8,316 shares reserved for conversion of outstanding debentures which may soon be called for redemption. Underwriters—May be Irving J. Rice & Co., St. Paul, Minn.; and M. . H. Bishop & Co., Minneapolis, Minn.

Northern Indiana Public Service Co.

Jan. 12, D. H. Mitchell, President, announced that the company plans to raise approximately \$12,000,000 of new money (which may be done through sale of preferred and/or common stock). Underwriters-Probably Central Republic Co. (Inc.), Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane.

Ohio Edison Co. (5/17)

Feb. 24 it was reported company plans issue and sale of \$30,000,000 of first mortgage bonds due 1985. Underwriter - To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co., White, Weld & Co. and Union Securities Corp. (jointly); The First Boston Corp. Bids-Expected to be received on May 17. Registration-Scheduled for April 26.

Oklahoma Gas & Electric Co.

Feb. 23 it was reported company plans to issue and sell \$15,000,000 of first mortgage bonds in July. Underwriter -To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); The First Boston Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Smith, Barney & Co.

Pan American Sulphur Co.

Feb. 3 it was reported company is considering offer late in March of \$4,500,000 subordinated convertible debentures (first to stockholders). Underwriter-Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York. Registration-Expected in March.

Pennsylvania Electric Co.

Feb. 15 it was reported company plans to issue and sell later this year \$9,300,000 of first mortgage bonds. Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co.,

Pennsylvania Electric Co.

Feb. 21 it was reported company proposes issuance and sale of \$7,500,000 of preferred stock later this year. Proceeds-For construction program. Underwriter-To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley &

People's Finance Corp., Denver, Colo.

Jan. 31 it was reported company plans to issue and sell about \$500,000 of 6% convertible preferred stock. Pro-

ceeds-For expansion. Underwriter-Paul C. Kimball & Co., Chicago, Ill. Offering-Expected in April.

Philadelphia Electric Co. (4/25)

March 9 H. P. Liversidge, Chairman of the Board, announced company is planning to file registration statements with the SEC and the Pennsylvania P. U. Commission for the issuance of \$50,000,000 of bonds. Proceeds—To redeem \$30,000,000 of 3%% bonds presently outstanding and to help finance construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly); White, Weld & Co. Bids-Tentatively expected to be received up to 11 a.m. (EST) on April 25.

★ Philadelphia Transportation Co.

March 11 it was announced that the company plans to refinance the outstanding \$10,000,000 Market Street Elevated Passenger Ry. Co. first mortgage 4% bonds which mature on May 1, 1955. Underwriter - Drexel & Co.,

Public Service Co. of Indiana, Inc.

Feb. 28, it was announced company plans to offer to its common stockholders the right to subscribe for 202.431 shares of convertible cumulative preferred stock (par \$100) on a 1-for 21 basis. Stockholders will vote on financing on April 4. Price-\$105 per share. Underwriter-May be Blyth & Co., Inc., New York and San

Public Service Co. of Oklahoma

Nov. 11 it was reported that company plans to issue and sell 100,000 shares of new preferred stock (par \$100). Underwriter—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co. Offering-Expected in May or June, 1955.

Radio Receptor Co., Inc.

Feb. 28 it was reported that a public offering is soon expected of about 250,000 shares of common stock, of which 100,000 shares will be sold for account of company and 150,000 shares for selling stockholders. Underwriter-Bache & Co., New York.

Savannah Electric & Power Co. (4/14)

Feb. 23 it was reported public offering is planned of 165,000 shares of common stock (65,000 shares for account of company and 100,000 shares for the Donner Estate. Underwriters—The First Boston Corp. and Stone & Webster Securities Corp., both of New York. Registration—Planned for March 17.

Southern California Gas Co.

Feb. 28 it was reported company plans to issue and sell \$40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly); Lehman Brothers.

Southern Co. (11/9)

Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par \$5). Proceeds-To repay bank loans and for investment in additional stock of subsidiary companies. Underwriter-To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. Bids—Tentatively scheduled for Nov. 9. Registration— Not expected until Oct. 12.

Southern Pacific Co. (3/23)

Bids will be received by the company up to noon (EST) on March 23 for the purchase from it of \$8,400,000 equipment trust certificates, series QQ, to be mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southwestern Gas & Electric Co.

Jan. 17 it was reported company is planning to issue and sell \$6,000,000 of cumulative preferred stock (par \$100). Proceeds-To prepay bank loans and for construction program. Underwriters-To be determined by competitive bididng. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Langley & Co.; Harriman Ripley & Co. Inc. Offering-Expected in April or

Texas Eastern Transmission Corp.

Jan. 12, George T. Naff, President, referred to the possibility of some \$85,000,000 in new financing when and if the company's current application for the reconversion of the Little Big Inch pipeline and the construction of the new natural gas facilities is launched. He indicated that it was possible that \$40,000,000 of that assumed \$85,000,000 new financing might be in the form of new first mortgage bonds, (to be placed privately), and that based upon the assumptions that he was making he believed that the remainder of the financing would be

accomplished by the issuance of debentures and preferred stocks (he did not assume the sale of any con man stock). Plans for the possible issuance of new sec rities are not at all definite as yet, it was announced of March 4. Underwriter—Dillon, Read & Co., Inc., Ne

Transamerica Corp.

Feb. 25 F. N. Belgrano, Chairman and President, a nounced that company plans to offer publicly 1,346,8 shares of capital stock through an underwriting grou Offering-Planned for early in May. Underwriters-Blyth & Co., Inc., and Dean Witter Co.

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Transcontinental Gas Pipe Line Corp.

Nov. 24 Tom P. Walker, President, announced that 'th construction program for 1955 and replacement of bar borrowings made in 1954 wil require financing dufit 1955 of about \$85,000,000. It is planned to offer public in April, \$15,000,000 of preferred stock. About \$50 000,000 of bonds will be sold later this year (may ) done privately). Underwriter-White, Weld & Co. an Stone & Webster Securities Corp.

\* United Aircraft Corp.

March 14 it was announced stockholders will on Apr 26 vote on approving a new issue of 500,000 shares preference stock (par \$100). Proceeds—To redeem preent 5% cumulative preferred stock (233,500 shares ou standing), and for working capital. Underwriter-Har riman Ripley & Co., Inc., New York.

Union Electric Co. of Missouri

Jan. 24 it was reported company expects to sell about \$30,000,000 30-year first mortgage bonds late in 195 Proceeds—To repay bank loans and for new construction. Underwriter — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. Blyth & Co., Inc. and Union Securities Corp. (jointly The First Boston Corp.; Lehman Brothers and Bea Stearns & Co. (jointly); White, Weld & Co. and Shield & Co. (jointly).

United Gas Corp.

Feb. 24, N. C. McGowen, President, announced the corporation plans to raise \$35,000,000 to \$40,000,000 the first half of 1955 through the sale of additional con mon stock to stockholders. Proceeds—For construction program of company and of United Gas Pipe Line Co a subsidiary. Underwriter-None.

United Gas Corp.

Feb. 24, N. C. McGowen, President, stated that con pany might be doing some debt financing, with the year's total financing program reaching about \$50,000 000 (including about \$35,000,000 to \$40,000,000 of con mon stock). Underwriter-To be determined by con petitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; The First Boston Corp.; Morgan Stanley Co.; White, Weld & Co. and Equitable Securities Cor (jointly); Harriman Ripley & Co. Inc. and Goldma Sachs & Co. (jointly).

Vanadium Queen Uranium Co.

Feb. 21 it was reported company plans to issue and se 720,000 shares of common stock. Price—Expected to be \$2.50 per share. Underwriter-Van Alstyne, Noel & Co New York.

Virgina Electric & Power Co. (6/7)

Feb. 19 it was reported company plans to issue and se \$25,000,000 of first mortgage bonds in the near fi ture.. Underwriter - To be determined by compet tive bidding. Probable bidders: Halsey, Stuart & C Inc.; Union Securities Corp.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.: Salomon Bros. & Hutzle White, Weld & Co. Bids-Expected June 7.

Washington Steel Co., Washington, Pa.

March 1 it was announced stockholders will vote Apr 28 on approving an issue of 30,000 shares of cumulativ convertible preferred stock (par \$50). Proceeds-F expansion program and working capital. Underwriter-Probably Singer, Deane & Scribner, Pittsburgh, Pa.

Western Light & Telephone Co., Inc.

Nov. 24 it was announced company plans to issue ar sell \$3,000,000 first mortgage bonds due 1985 and about 40,000 additional shares of common stock (the latter stockholders on a 1-for-10 basis). Proceeds—For construction program. Underwriters—May be Dean Witte & Co. and The First Trust Co. of Lincoln, Neb. Bone may be sold publicly or privately, depending on mark

Western Union Telegraph Co.

March 15 it was announced that consideration is being given to the issuance of some additional shares of con mon stock through an offering to stockholders. Stock holders will vote April 13 on approving a 4-for-1 spl of the company's stock and the issuance of an addition 1,580,000 new shares, part of which are expected to hoffered as aforesaid, but no definite financing plan have been formulated.

Westpan Hydrocarbon Co. (4/15)

Dec. 11 it was reported Sinclair Oil Corp. will ask for bids for 384,861 shares of Westpan stock about April 1 1955, if it has not been able to dispose of these holding before that date. Underwriter-Union Securities Corn New York, underwrote recent sale of Sinclair's holding of Colorado Interstate Gas Co. White, Weld & Co., Ne York, may be included among the bidders.

# Our Reporter's Report

Underwriters this week were far from overburdened with the ask of raising new capital for industry or refinancing older issues. But as events turned out they probably are fairly well satisfied that the outflow of corposecurities remained at a snail's pace.

Considering the behavior of the equity market, whether because of the Senate Committee's "friendly" investigation or for more normal reasons such as having become "overbought" on its long rise, conditions did not provide the most suitable "backdrop" for marketing of new securities.

The secondary market for debt issues continued to wallow along without doing much in the way of consolidating its position and leaving considerable to be desired by those who make a business of bidding for new securities and then take on the task of placing them with investors.

But there was a modicum of comfort in the better behavior of the long end of the Treasury list where there was evidence to support the idea that the supply of governments is not as large as had been generally believed.

At any rate, it required only a moderate amount of investment buying, together with some short covering, to make for a fairly strong upturn in that quarter of

Meanwhile, with little in the way of new material to choose from, institutional investors with funds seeking employment were nibbling away at the remnants of for the offering. such recent offerings as still remain available.

Small Buyers Active

\$10,000,000 of new 3\% % first nance construction.

mortgage bonds appeared to be Continued from page 29 moving out in good style, according to reports.

Bankers paid the company a price of 101.35999 for the issue and proceeded with public re-offering at 102 for an indicated return to the buyer of 3.27%. The yield appeared to be attractive to smaller institutional investors.

The company's new preferred stock, priced at 101.64 for a yield of 4.25% also was said to be meeting with fair inquiry from

Calendar Remains Slim

There is little consolation in the forward calendar insofar as new corporate prospects are concerned. It looks very much like another week of sparse business for the underwriters.

The list is studded with the usual run of highly speculative stock offerings for mining ventures and the like but with only a few well-known names appearing. Bankers will market \$10,-000,000 debentures for General Shoe Corp., on Tuesday if nothing happens to upset the schedule.

And on Wednesday Joy Manufacturing Co.'s \$20,000,000 of new debentures are stated. In both instances the undertakings are being done via the negotiated route.

### Future Is Brighter

The pickup in registration of prospective new issues gives the weeks ahead. The past week has seen Tennessee Gas Transmission Co. go into registration to cover \$25,000,000 of 20-year debentures which to hopes to market during the first week in April.

General Dynamics Corp has authorized \$40,000,000 of convertible debentures, also due to mature in 20-years and has filed the necessary registration with the Securities and Exchange Commission. No definite date has yet been set

Meantime Philadelphia Electric Co. is planning to issue \$50,000,-000 of bonds to redeem \$30,000,-Kansas Gas & Electric Co.'s 000 of outstanding debt and fi-

LETTER TO THE EDITOR:

# Says Investors' Views Might Help Fulbright Study

George J. Meyer says he is buying more, not selling stocks.

dends and all showing a profit. At present total profit is over \$65 thousand on the \$46 thousand invested over the years. Present dividend rate over \$5 thousand a year. Not a bad picture, but still I find it a hard matter, whether to sell and take the profits. First the capital gains tax of about 25%; second, the loss of dividend rate I now enjoy on investment (of over 10%), and if I did sell, would have to further invest most of my capital in other stocks. other than the Blue Chips. I now own such as Santa Fe, Beth. Steel, Gen. Motors, Gen. Electric, Texas Co., A. & P. Stores, and others that show good profits. They could go 25% lower in price and I would still be far ahead.

Being retired from business and more interested in leaving well Reeves & Co.

Editor, Commercial and Financial enough alone cannot see much to gain by selling out now. No It is always interesting to hear doubt stocks might go down when or read about the opinions on the folks lose the confidence they so-called Fulbright study of the now have in the Administration stock market's behavior. Much at Washington (not forgetting the has been said by Stock Exchange aid they have given to the old and GENERAL REALTY & UTILITIES Presidents, Editors, Bankers, and retired folks in added social secu-Analysts, so a little more talk by rity and dividend exemption benan investor might be of some help efits), but hardly now with this in finding the solution. Have been added spending power. Could be NOTICE OF PAYMENT OF COUPON NO. 21 dollar-averaging stock buyer one of the reasons why stocks for over 25 years now; own 1,615 went up and stay high. Too shares of stock, all paying divi- much rocking the boat might turn it over and loss of confidence bring stocks down. Good Statesmanship brought on the Boom, and Bad Political Meddling could bring on a lot of Financial March 15, 1955. Trouble.

> Although only a small man in the Investment World, am not selling, but buying more stock.

GEORGE J. MEYER

6911 Yellowstone Blvd. Forest Hills 75, N. Y. March 4, 1955.

### T. R. Piersol Adds

(Special to THE FINANCIAL CHRONICLE) BEVERLY HILLS, Calif. Harry M. Green joined the staff of T. R. Peirsol & Co., 9645 Santa Monica Boulevard. Mr. Green

was previously with Daniel

# **News About Banks and Bankers**

staff of the savings bank in 1938. He served with the 404th Bomb Squadron of the U.S. Air Forces for three and one-half years, and after discharge was associated with the Oakes Mills and the National Newark and Essex Banking Company. He rejoined the savings bank in July, 1952, and was elected Assistant Secretary in April 1953. Mr. Pearson succeeds A. J. Spinelli, who relinquishes the duties of the Secretary, but assumes in addition to his office of Vice-President, the office of Treasurer of the bank. Miss Fulton served during the Second World War in the U.S. Navy as Link Trainer Operator. She was formerly employed by Schering Corporation of Bloomfield in Cost Accounting and as Assistant Credit Manager. At The Montclair Savings Bank she has been a teller and, since September 1953, Bookkeeping Supervisor...

Through the sale of \$50,000 of new stock, the Bergenfield National Bank & Trust Company of Bergenfield, N. J. now has a capi-\$250,000 efective Feb. 16.

The 102 year old Beneficial Savpromise of a pickup in business in ing Fund, of Philadelphia a mutual savings bank, has established its eighth office close to the 100-million dollar Penn Center development which is transforming the hearth of the City's central business district. Known as the Penn Center Office, it will be opened for business on March 30.

The new office is located at 9 S. 16th Street, four blocks west of Beneficial's main office at 12th and Chestnut Streets. It will serve an area with numerous apartment houses, office buildings and business establishments. It is less than a half block from a 15-million dollar Penn Center office building at 16th and Market Streets, now nearing completion. While plans for the Penn Center development still were in the formative stage, Francis P. Burns, President of Beneficial, and other members of the Board of Managers, saw the increased potentialities of the area.

When Beneficial opened for business more than a century ago, deposits at the end of the first week totaled \$1,442. As of Feb. 18, 1955, deposit liabilities totaled \$141,786,881. Ignatius J. Horstmann, "dean" of Beneficial's Board of Managers will have a leading part in the ceremonies at

COUPON PAYMENT

# CORPORATION

4% Cumulative Income Debentures Due September 20, 1969

Payment of the amount called for by Coupon No. 21 representing interest for the six months period ending March 31, 1955, on the above mentioned Debentures of General Realty & Utilities Corporation, will be paid on March 31, 1955, at Bankers Trust Company, Successor Trustee, 46 Wall Street, New York 15, E. Y. GENERAL REALTY & UTILITIES CORPORATION

By SAMUEL M. FOX, Treasurer.

Supervisor, was elected Assistant the opening of the new office. His Secretary. Mr. Pearson joined the family has been represented on family has been represented on the board since 1856 when his grandfather, Fred Horstmann was 'Dean's" father, John F. Horstmann served on the board from 1872 to 1892; and Mr. Horstmann himself, still active, has been a board member since 1899. The elder Horstmann's son, also John F. Horstmann, was elected to the board in 1935.

A "full visibility" structure is being planned for the new Maumee, Ohio, branch of the Ohio Citizens Trust Company of Toledo, Ohio. The branch which will be located at the Parkway Plaza shopping center in Maumee, represents a new concept in bank structures, according to Marvin M. Wilkinson, Vice-President of Ohio Citizens, and is a departure from the high-walled, closed-cloister type of building which has been typical in the banking field for many years. The contemporary pylon of the new building, it is features Ohio Citizens' installation of an elecsecond tronic Time-Temperature sign in tal of \$300,000 increased from this area. The first was installed at the bank's Drive-In facility at Jefferson and Erie in Toledo which opened in 1954. The Time-Temperature unit flashes the correct time and temperature every five seconds making a total of 17,280 readings every 24 hours, and can be read at a distance of three city blocks.

> The issuance of a charter is announced by the Comptroller of the Currency for the Southern Ohio National Bank of Cincinnati which represents a conversion to the National System of the Southern Ohio Savings Bank & Trust Co. of Cincinnati. The converted

### DIVIDEND NOTICES

CITY INVESTING COMPANY 25 BROAD STREET, NEW YORK 4, N. Y

The Board of Directors of this company on March 16, 1955, declared the regular quarterly dividend of \$1.375 per share on the outstanding 5½% Series Cumulative Preferred Stock of the company payable April 1, 1953 to stockholders of record at the close of business on March 25, 1955. the close of business on March 25, 1955.

EDWARD FRAHER, Secretary

### GENERAL REALTY & UTILITIES CORPORATION

DIVIDEND ON CAPITAL SHARES

The Board of Directors has declared a quarter-annual dividend of 15 cents per share on the Capital Shares of the Corporation, payable March 31, 1955 to stockholders of record at the close of business March 21, 1955.

March 15, 1955.

March 15, 1955.



### THE GARLOCK PACKING COMPANY

March 9, 1955

COMMON DIVIDEND No. 315 At a meeting of the Board of Directors, held this day, a quarterly dividend of 25¢ per share was declared on the common stock of the Company, payable March 31, 1955, to stockholders of record at the close of business March 18, 1955.

H. B. PIERCE, Secretary



### DIVIDEND NOTICE ALLIED PRODUCTS CORPORATION

Detroit 23, Michigan COMMON DIVIDEND

On March 3, 1955, the board of directors of Allied Products Corporation, a Michigan corporation, declared a quarterly dividend of 60c per share on the Common shares of the Corpora-tion, payable March 28, 1955 to shareholders of record at the close of business on March 18, 1955.

institution has a capital of \$500,-000 and surplus of \$1,640,000. Glenn F. Barrett is President and L. J. Austing is Cashier. The change became effective Dec. 31.

The National Security Bank of Chicago, Ill. raised its capital as grandfather, Fred Horstmann was of Feb. 18 from \$1,100,000 to elected to membership. The \$1,200,000 as a result of the sale of \$100,000 of new stock.

> A stock dividend of \$100,000 served to enlarge the capital of the American National Bank of Vincennes, Ind. from \$500,000 to \$600,000 as of Jan. 17.

> The Peoples National Bank of Grand Rapids, Mich. now has a capital of \$1,000,000, increased from \$750,000 by a stock dividend of \$250,000 the enlarged capital having become effective Jan. 25.

The Board of Directors of First National Bank in St. Louis has elected John B. Mitchell Vice-President, it is announced by William A. McDonnell, President. Mr. Mitchell, who has been executive Vice-President of Manufacturers Bank & Trust Company since 1952, will assume his new duties with First National Bank in St. Louis on March 28. Mr. Mitchell began his banking career in 1936 with the Mercantile Commerce Bank & Trust Company, serving in the credit and correspondent banking departments. In 1950 he became Vice-President of Manufacturers Bank & Trust Company and was elected Executive Vice-President in 1952. He is First Vice-President of the Associated Bankers of St. Louis and St. Louis County and a member of Robert Morris Associates, National Association of Bank credit men.

Effective Jan. 17 the capital of the Peoples National Bank of Greenville, S. C. became \$500,000, having been increased from \$400,-000 by a \$100,000 stock dividend.

### DIVIDEND NOTICES

DOME MINES LIMITED March 11, 1955

March 11, 1955

At a meeting of the Board of Directors of Dome Mines Limited, held this day, a dividend of Seventeen and One-Half Cents (17½c) per share (in Canadian Funds) was declared payable on April 29, 1955, to shareholders of record at the close of business on March 30, 1955.

CLIFFORD W. MICHEL, President and Treasurer.

### United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½ cents per share on the Preferred capital stock. They have also declared a dividend of 62½ cents per share on the Cemmon capital stock. The dividends on both Preferred and Common stock are payable May 2, 1955, to stockholders of record at the close of business April 4, 1955.

WALLACE M. KEMP, Treasurer.

**United States** Corporation



A quarterly cash dividend of 45¢ per share on the outstanding common stock of this corporation has been declared payable April 12, 1955, to stockholders of record at the close of business April 1, 1955. SIMON OTTINGER, Secretary.

New York, N. Y., March 9, 1955

### New England Gas and Electric Association COMMON DIVIDEND NO. 32

The Trustees have declared a regular quarterly dividend of twenty-five cents (25c) per share on the COMMON HARES of the Association, payable April 15, 1955 to shareholders of record at the close of business March 21, 1955.

H. C. MOORE, JR., Treasurer Marc': 10, 1955.



WASHINGTON, D. C.—George M. Humphrey, Secretary of the Treasury, seemed to relegate to the long, distant future any substantial relief from the capital gains tax, in his testimony before the Senate Banking Committee Tuesday in connection with the stock market inquiry.

Chairman J. William Fulbright (D., Ark.) of the Committee, has indicated on various occasions that he does not hold with the view that the capital gains tax is a serious long-run factor in the stock market boom, but he did ask the Treasury Secretary his views on the question.

Mr. Humphrey replied that the capital gains tax undoubtedly has something to do with the supply and ready sale of stocks. As a matter of fact, the Treasury has given a great deal of thought to this tax, he added.

He was satisfied, the Treasury Secretary said, that the capital gains tax could be halved and yet the Treasury would get more revenue than with the whole tax.

The capital gains tax is influencing securities transactions because of the great disparity between the rate of capital gains and income taxes. However, relief from the capital gains tax would only have the effect of increasing the disparity between these two rates of tax and encourage more people to get into a capital gains position, he stated.

To almost any observer, any substantial relief from taxes in brackets of 25% or more is practically ruled out for the indefinite future by the temper of the times and the disposition of the Federal Government to boost its expenses.

Hence if capital gains tax relief awaits a lessening of the disparity between the rate of personal and capital gains taxes, any relief on the latter score would appear to be most remote in its prospects at this time.

### Economic Report Fits Into Groove

In its "report on the President's Economic Report," the Congressional Joint Economic Committee fitted right into the expected groove.

Since the President recommended many additional expenditures, and since the Democrats are also of an inflationary bent, the main tone of the report was to emphasize the necessity for bigger and better Federal "contributions," (i.e., spending programs) to strengthen the economy.

In particular the committee recommended more spending on public works.

"We are for increasing public works - Federal, state, and local-to meet the needs of the growing population, expanding economy, and national security. Because of war restrictions this Nation has fallen behind in meeting these needs. Construction of schools, highways, hospitals, and other community facilities, including, as the President has recommended, slum clearance and public housing, must move forward more rapidly during the immediate years ahead." the committee proposed.

This was unanimously recommended by all members of the committee.

On the other hand, "additional views" were also in the groove. Democrats "viewed with alarm" the alleged complacency of the Eisenhower Administration about pools of depressed industry and the problems of agriculture.

There were two minor surprises. One was that the Federal Government should balance "at least the cash budget." The other was that Federal works expenditures should be carried on directly and within the budget and debt limit instead of through indirect financial mechanisms outside the budget and debt limit.

As has been pointed out before in this space, the Joint
Economic Committee's reports
are only advisory, and have little or no direct influence as
such on legislation. It does not
even follow that despite the
"unanimous report" on several
points that all members of the
committee will vote the way
they supposedly agree in the
report on specific subjects of
legislation. For example, some
Democrats on the committee
will vote for tax cuts and some
Republicans, may vote against
some of the spending proposals.

### Hoover Report Shows Large Federal Lending

There were many far-reaching facets of the Hoover Commission report on Federal lending, insuring, and guaranteeing agencies, which the daily press will find inadequate space to discuss fully in the usual "one-

**BUSINESS BUZZ** 



"Ever get the feeling Van Tinhorn may be putting up a faise front?"

shot" stories that come out on reports of this character, no matter how long these first stories are.

Consequently various facets of that report will be discussed in this space from time to time.

The outstanding difference between the Hoover Commission studies of this year and those of six years ago is that this time the Commission was authorized by statute to look into the entire usefulness and economic necessity of any Federal activity. Six years ago the Commission was largely restricted to matters of organization, a sort of putting of "square bureaucratic pegs in square holes and round bureaucratic pegs in round holes," as it were.

One of the things stressed by the Commission was the magnitude of Federal involvement in insuring, lending, and guaranteeing activities. The Commission said that the Federal Government has an investment of \$16.9 billion in such activities, which number 104 separate entities, and these agencies have statutory authority to call upon the Treasury for about \$14.1 billion additional of funds.

### Liabilities \$244 Billion

Liabilities of all government insuring, guaranteeing, and lending activities amount to \$244 billion, The Commission reported. This large figure assumes that the Federal Government has a moral liability for guaranteeing all deposits of \$10,000 or more in banks and savings & loan associations to

an aggregate of \$106 billion.

On the other hand, the report completely leaves out the Federal Old Age Insurance and Survivors program, which the Commission said now has an unfunded liability for persons not now covered of \$228 billion. The unfunded liability of the government for ALL old age pensions, including those of its own employees, the military, and OASI, is \$265 billion.

So even with retirement liabilities and deposit insurance figured out of the total, govment lending, insuring, and guaranteeing activities have built up a liability of \$139 billion.

### Hits Housing Insurance

One of the most stringent criticisms of the report was as to FHA insurance.

Savings banks generally build up reserves of a round 6% against losses. The FHA insurance fund, on the other hand, has reserves of only about 2%, said the Hoover Commission.

"It seems to us that the adequacy of Federal Housing Administration reserves should be thoroughly explored, particularly in view of the low minimum equities which have been required in many of these loans and guarantees." At another point the Commission said more critically:

"With respect to family housing units, many of the difficulties of the FHA, both existing and potential, stem from its expansion of direct and indirect

eredit beyond the limits of either real need or prudent investment. Under existing statutes the equities of home purchasers whose mortgages can be guaranteed by the FIIA may be as low as 5% for a period of 30 years."

So the Commission recommended that the President be given power to require larger equities of purchasers and that more extensive use be made of the principle that institutions making the loans should share the risk of these loans with the government.

### Treats GI Loans Lightly

On the other hand, the Hoover Commissioin treated lightly the GI home loan program under which nearly \$10 billion of credit had been guaranteed by the Federal Government by June 30, 1954, for loans in the amount of some \$24 billion.

VA has 30-year loans currently being used under which neither a downpayment nor closing charges are required. This practice was not criticized.

Nevertheless, the Hoover Commission did point out that the grants, losses, and administrative expenses of GI loans to last June 30 amounted to \$500 million. "This burden falls upon the 17 million veterans who have not benefited as well as the public at large," the Commission observed.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

### With Federated Securities

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La.—Jack E. McCarthy has become affiliated with Federated Securities Corp., Louisiana Bank Building.

### With A. C. Karr Co. 1

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard H. West is now with A. C. Karr & Co., 523 West Sixth Street.

### Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Edward Edison has joined the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. He was previously with Quincy Cass Associates.

### With Protected Investors

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert E. Edwards is now with Protected Investors of America, Russ Building.

### H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—
Glenn V. Fuller is with H. L. Jamieson Co. Inc., Russ Building.

### TRADING MARKETS

Riverside Cement B
Morgan Engineering
Seneca Falls Machine Co.
National Co.
W. L. Maxson Co.

### LERNER & CO.

Investment Securities

10 Post Office Square, Boston 9, Mass.

Telephone HUbbard 2-1990 Teletype BS 69

Colorado Oil & Gas
White Eagle Oil
Olin Oil & Gas
Anheuser Busch
Miss. Valley Gas

Texas Eastern Transmission
Mallinckrodt Chemical
Hugoton Production
Pan American Sulphur
Wagner Electric

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